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# FINANCIAL TIMES

Europe's Business Newspaper

MONDAY APRIL 25 1994

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## Hata seeks party pact to tackle urgent issues

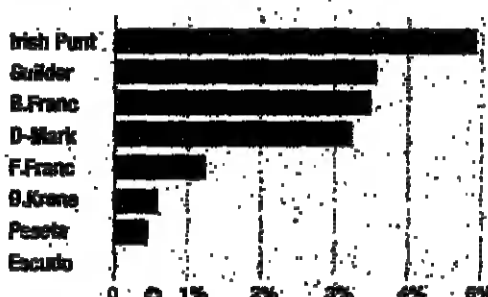
Tsutomu Hata, due to be elected Japan's prime minister in a parliamentary vote today, has called for a "grand union" of the country's political parties. "I doubt whether it is desirable to have many political parties involved, when urgent action is required," said Mr Hata, who will head a seven-party coalition. He was referring to the need for unity on such issues as tax reform, Japan's response to the nuclear threat from North Korea, the trade row with the US, and economic deregulation. Page 18; Talented technocrat rides his luck, Page 5

**OECD may agree anti-corruption policy:** An international policy to combat bribery and corruption could be agreed this week at a meeting in Paris of the Organisation for Economic Co-operation and Development. This follows pressure from the US to secure a tough OECD policy. Page 18

**IFI head attacks ministries:** The debate about how Italian industry should be privatised was stepped up after Romano Prodi, chairman of state holding company IRI, accused the treasury and industry ministry of allowing Mediobanca, the secretive Milan merchant bank, and its allies to establish a dominant position among newly privatised companies. Page 19

**European Monetary System:** The EMS grid was virtually unchanged last week despite rate moves from most member countries. The German, Belgian, French, Spanish and Portuguese central banks all trimmed interest rates. The Irish punt remains strongest with the two Iberian currencies at the bottom of the grid. Currencies, Page 31

EMS Grid April 22, 1994



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guider which move in a 2.25 per cent band.

**Microsoft, the world's largest computer software company, which is under investigation by the US Justice Department's anti-trust division, is attempting to blunt new industry charges that it tried to limit the competitive activities of other software developers. Page 8; Unlucky steady, Page 21**

**Volkswagen, Europe's biggest vehicle maker, is to use Mercedes-Benz technology for the development of a new range of light commercial vehicles. Page 19; Mercedes in talks on bus group, Page 21**

**Hopes for Mideast self-rule deal:** Israel and the Palestinian Liberation Organisation hope to complete talks this week in Cairo before signing an agreement on Palestinian self-rule in the Gaza Strip and Jericho. Page 6

**Rwanda talks collapse:** Plans for peace talks to end civil war and tribal slaughter in Rwanda collapsed with a rebel leader refusing to negotiate and a government delegation failing to arrive. Page 6

**Vodka state monopoly restored:** Russian prime minister Victor Chernomyrdin has issued orders designed to "restore a state monopoly on vodka and other spirits after reports of an increasing number of cases of poisoning from spirits distilled without licence. Page 3

**\$16bn Lloyd's gap feared:** Lloyd's of London could have a shortfall of at least £11bn (\$16bn) in its reserves set aside for future US asbestos and pollution claims, a report to be published today says. Page 8

**Jewish graves damaged:** Twenty-six headstones at a Jewish cemetery in the village of Struth near Strasbourg, in northeast France, have been knocked over or broken up.

**Third Turkish bank ceases trading:** Turkish authorities ordered the Turkish Import and Export Bank to stop trading. The closure, the third in the country in two weeks, follows a run on deposits by customers.

**BCOI case verdicts in June:** Verdicts are to be delivered on June 14 by a court in Abu Dhabi in the trial of 13 former Bank of Credit and Commerce International officials in the biggest case to stem from the bank's collapse. Charges include dissipating funds, forging documents, concealing deficits and losses and approving false loans.

**Rush to beat China goods curb:** The European Union imposition of import quotas is expected to lead to a last-minute scramble among traders for licences to bring in the goods. Page 18; Safety clothing shortage, Page 8

**Bus blaze kills 31:** At least 31 people died and 27 others were injured when a bus burst into flames because of an engine defect near Galashiel in the Russian Caucasus.

**Philby mementoes for sale:** Rufina Philby, widow of British master spy Kim Philby, is to auction his books, mementoes and homing hat. The July 18 sale at Sotheby's is expected to raise £100,000 (\$146,000).

## Mandela appeals for focus on election after attack near ANC offices

# Johannesburg bomb kills nine

By Patti Waldmeir in Durban, Mark Suzman and Michael Holman in Johannesburg

South Africa's election campaign ended on an ominous note yesterday when a powerful bomb in Johannesburg killed nine people, injured at least 92 others and cast a shadow of violence over voting which begins tomorrow.

ANC leader Mr Nelson Mandela acted quickly to try to defuse the threat of revenge for the attack near the offices of the African National Congress and Pan Africanist Congress. The blast killed one ANC election candidate and damaged the organisation's offices.

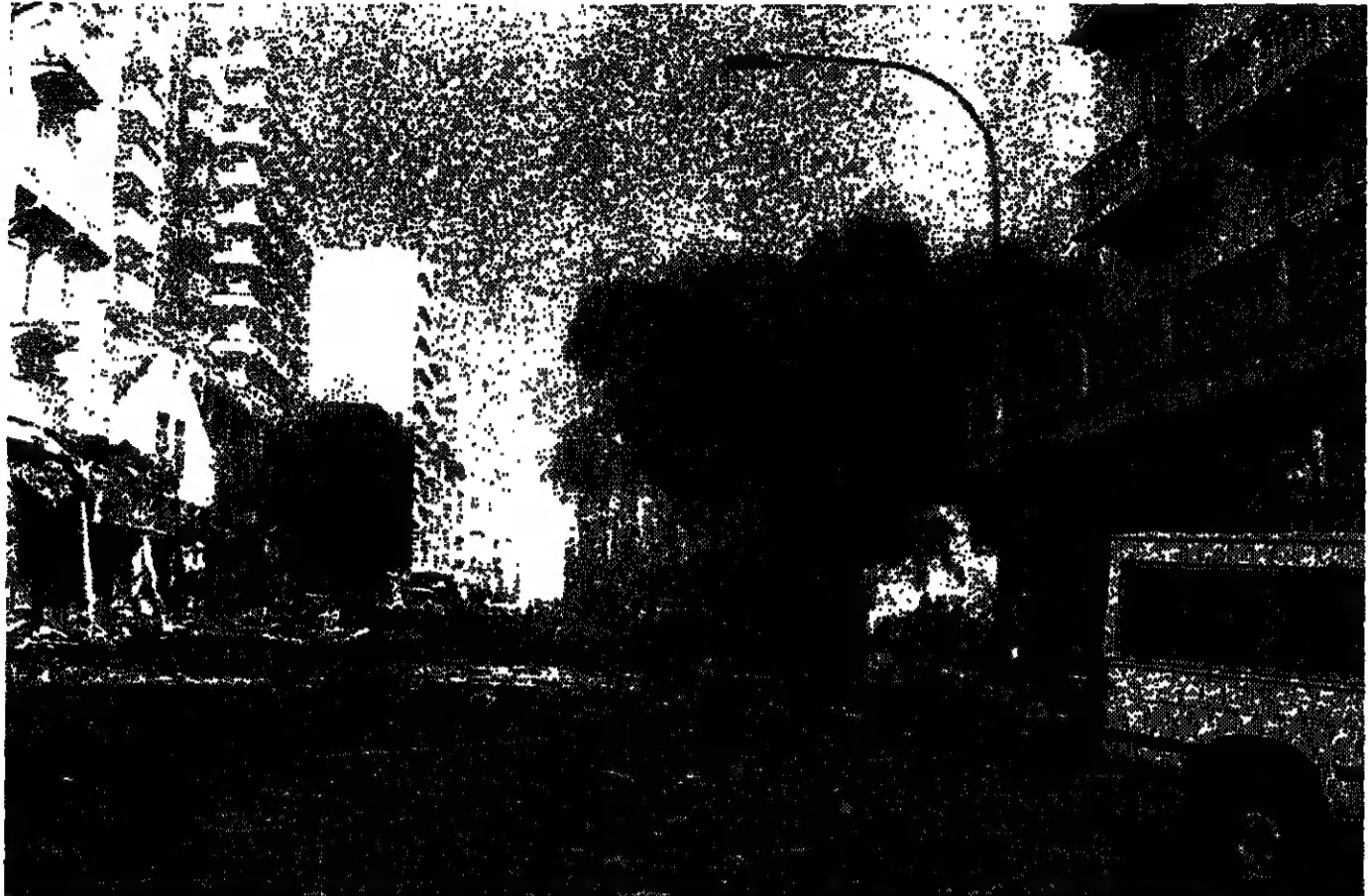
In a statesmanlike speech, which included a string of overtures to the white community, Mr Mandela appealed to his supporters to concentrate on the importance of tomorrow's elections to end nearly 350 years of white domination, and not on the killings in Johannesburg.

"Leave the task of maintaining law and order to the security forces," he pleaded with a crowd of more than 100,000 supporters at his last campaign rally in the Natal city of Durban.

President F.W. de Klerk, in a warning to the white far-right, condemned the attack and said it would not stop the country's first all-race elections. "There is no possibility that radical minorities will be allowed to frustrate the will of the vast majority of the South African people."

However, Chief Mangosuthu Buthe, leader of the mainly Zulu Inkatha Freedom party, closing his campaign, warned that the blast was more evidence that the elections would be unfair. "This is just another thing to point out there will not be free and fair elections in South Africa."

Police and bomb disposal



Downtown Johannesburg after the bomb blast. President F.W. de Klerk said it would not stop the country's first all-race poll

experts sifting through the mess of blood, glass and rubble said it was too early to say who staged the attack. But the location and the nature of the explosion suggested it was the work of the white right-wing, making a desperate last stand for apartheid and delivering a warning of the ferocity of their resistance to a non-white government.

The bomb, estimated at

between 80kg and 90kg of explosives, was the biggest in South Africa since an ANC bomb in Pretoria killed 17 people in 1983. If planted by white extremists, it marked a significant escalation of their violent opposition to political change. Hardline whites have set off several explosions in the past, mainly targeting small ANC rural offices, railway lines and electricity pylons.

Mr Mandela said the elections would usher in "a new era of hope, justice, democracy and national reconciliation". His supporters were perched in trees and on scaffolding several storeys high, in an attempt to catch a glimpse of their leader.

Since the hardline whites were humiliated last month in the black homeland of Bophuthatswana, where they had gone to try

to restore ousted President Lucas Mangosuthu to power, the right has been curiously silent, raising hopes that it would not pose a serious threat to elections.

In an attempt to placate the right, the ANC on Saturday

Continued on Page 18  
Special report, Page 4; Affirmative action in the air, Page 10; Bonds, Page 24

## Bosnia talks resume as Serbs move weapons

By George Graham in Washington, Laura Silber in Belgrade and Bruce Clark in London

Talks on reviving peace efforts in Bosnia will be held today between the US, Britain, France and Russia in London following the Serbs' removal of weapons from the centre of Gorazde under threat of massive air strikes.

General Sir Michael Rose, United Nations commander in Bosnia, said yesterday the Serbs had pulled their heavy armour out of a 2km exclusion zone, bringing some relief to the besieged town.

The Serbs, defying a torrent of international condemnation, have established a stranglehold on Gorazde in an offensive that began at the end of last month.

More than 700 people have died in the 65,000-strong enclave, one of six so-called safe havens in Bosnia which the UN has pledged to protect.

Gen Rose said the Serbs were also beginning to move equipment out of a broader 20km zone, which Nato has told them to evacuate by Tuesday night.

Nato and UN officials also claimed to have patched up a row that flared on Saturday after the UN turned down a proposal from the alliance to launch an air attack against the Serbs.

Yesterday's lull in the attacks enabled a UN operation to evacuate the wounded to start. UK and French helicopters began transporting more than 600 seriously injured people from Gorazde to Sarajevo.

Mr Warren Christopher, the US

secretary of state, said Nato demands for an end to shelling in Gorazde and a partial withdrawal of Serb forces had apparently been heeded.

He said Gorazde had seen only small arms fire yesterday. "The withdrawal was somewhat spotty, but my latest reports from the scene are that the withdrawal is taking place," he said in a television interview.

Mr Christopher is due in London today for talks with Mr Douglas Hurd, the UK foreign secretary, and Mr Alain Juppe, foreign minister of France. Mr Vitaly Churkin, the chief Russian negotiator on former Yugoslavia, is expected to meet senior British diplomats separately.

Mr Haris Silajdzic, Bosnian prime minister, said Gorazde was still a scene of fighting, as Bos-

nian radio reported artillery and sniper attacks.

In Zagreb, Mr Yasushi Akashi, the senior UN official in former Yugoslavia, said the organisation's observers could no longer see any heavy weapons inside the exclusion belt around Gorazde.

Establishing the zone was one of the main demands set out by Nato last week when it threatened to escalate the use of air

power against the Serbs. US officials confirmed they had backed Nato's request - turned down by the UN - to begin air strikes on Saturday when the Serbs failed to stop shelling. They said they had since made progress in winning the UN over to supporting the use of air power.

Nato tries to play down Serbia row, Page 3

## G7 warns Russia to keep economy on a tight rein

By Peter Norman, Economics Editor, in Washington

Russia was yesterday given a clear warning from the world's leading industrial nations that it must put into effect tough economic decisions following last week's approval of a \$15bn credit from the International Monetary Fund.

At a meeting with finance ministers and central bank governors from the Group of Seven leading industrial countries, Russian officials were told they must deliver on their promises to reduce the budget deficit to 0.5 per cent of gross domestic product this year from 8 per cent in 1993 and reduce the expansion of credit by the monetary authorities.

"We must now have a decisive implementation of budget and monetary policies" by Russia, Mr Theo Waigel, the German finance minister, said. According to IMF officials, the message was echoed by Mr Kenneth Clarke, the UK

chancellor, who said the Russians must keep up reform to obtain more assistance.

The G7 discussed the prospect of Russia obtaining debt relief on obligations falling due this year from western creditor countries in the Paris Club. According to Mr Waigel, the Paris Club has offered to continue its 1993 debt rescheduling agreement until a 1994 deal has been agreed. Russia is also expected to begin negotiations with the IMF on a stand-by credit facility that could total \$40bn once it has produced first details of its 1995 autumn budget.

The G7 also considered the IMF's repeated demands for an allocation of special drawing rights, the IMF's own reserve asset, to boost its members' reserves. Although ministers recognised that something ought to be done to help 37 IMF members, including Russia, which have joined in recent years and have no SDRs, Germany and the US insisted that there was no rea-

son for a general SDR allocation. The talks between the Russian delegation, headed by Mr Alexander Shokhin, deputy prime minister, and the ministers and central bankers of the US, Japan, Germany, France, Britain, Italy and Canada, took place against a background of increased optimism about world economic prospects.

The G7 meeting endorsed the IMF's view that the world economy has now overcome the recession of the early 1990s and is heading for faster growth. The ministers noted that a lessening of tension between the Russian parliament and government had improved reform prospects.

Mr Waigel disclosed he had met Mr Michel Camdessus, IMF managing director, that German growth this year would be near 1.5 per cent rather than the 0.9 per cent forecast by the IMF.

Sentiment grows for SDR hike, Page 6

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## Threat of power cuts hangs over Poles

By Christopher Robinson in Warsaw

Poland faces the prospect of widespread power cuts today as a result of strikes by miners in four open-cast lignite mines, affecting one-third of the country's generating capacity.

The strike, which started last Thursday, comes amid a national campaign by the Solidarity trade union to have state sector wage controls replaced with a system of collective bargaining. The union also wants assurances from the government over policies designed to boost real wages this year to reverse the income falls of the past four years.

The challenge to the left-of-centre government follows last week's agreement between the Left Democratic Alliance (SLD), a senior coalition partner, and President Lech Wałęsa to work together to find a candidate for the vacant post of finance minister.

Mr Wałęsa had named Mr Dariusz Rosati, the SLD's candidate, while the coalition responded by moving to limit the president's veto powers in a threat which has since been dropped.

The 36,000 workers at the four mines which supply lignite directly to the power stations at Belchatow, Konin, Adamow and Turów are demanding that the government drop restructuring plans which could lead to 30 per cent job cuts in the industry.

At the weekend Mr Waldemar Pawlak, the prime minister, sacked Mr Eugeniusz Morawski, the deputy minister responsible for mining and the power sector and the government pledged to suspend the restructuring plans. However, Solidarity's national leadership which saw patchy support for the first phase of its national protest campaign, has decided to use the miners' action to step up pressure on the government.

The strike comes as parliament passed a new wage control law on Friday which Solidarity has bitterly opposed.

● The Democratic Union (UD) led by former prime minister Mr Tadeusz Mazowiecki and the Liberal Democratic Congress (KLD), a free market grouping, merged to form the Freedom Union, a pro-market reform party.

## Belarus bank chief distances himself from economic pact with Russia

# CIS bankers fight shy of rouble zone

By John Lloyd in Chicago

Central bankers from the most important countries in the Commonwealth of Independent States agreed at the weekend that the close economic union sought by Russia was not in their interest and would be impossible to realise.

The governor of the central bank for Belarus, Mr Stanislaw Bogdankevich, distanced himself from the treaty signed between Russia and Belarus two weeks ago aimed at creating an economic union so close as to deprive the smaller Slav state of any economic independence.

He said that the vote expected on the agreement in the Belarus parliament on Wednesday would not approve the deal, though he said the government might then put the issue out to a referendum.

Speaking to a conference on central banking in the former communist states, at Chicago Law School's Centre for the Study of Constitutionalism in Eastern Europe, Mr Bogdankevich said: "Belarus will not benefit from tying itself into a common monetary and credit system with other republics and even with Russia."

"The levels of economic development and their individual specialisations differ greatly and they are solving their problems with incompatible methods."

In an interview, Mr Bogdankevich said that he had signed the agreement - a landmark treaty between two former

Soviet states and one widely seen in Russia as a harbinger of similar pacts with other CIS states - with the reservation that it broke Belarus' constitution, a major reservation, as he agreed.

"I am sure that the vote on this agreement will not pass in the parliament," he said.

No representative of the Russian central bank attended the conference, but Mr Boris Fyodorov, the former deputy prime minister for finance and present leader of the reformist Liberal Democratic Union in the Russian parliament, said that the three-quarters majority

## The Belarus deal is seen in Russia as a model for other agreements

necessary to ratify the agreement in the parliament was also not available.

"Nobody can explain what Russia gains from this deal," he said.

Mr Fyodorov also claimed that the International Monetary Fund had not been informed about the agreement, which - because it changes the Belarus population's cash holdings in the Belarus coupon with the Russian rouble at the rate of one to one while the market exchange rate is 10 to 1 - will boost inflation in Russia at least in the short term.

Questions were raised about

this at the IMF board meeting last week which discussed the granting of a \$1.5bn (\$1,020bn) loan to Russia, but the loan was approved in spite of the dispute.

Senior officials from Ukraine and Kazakhstan, the other two republics closest to Russia both politically and in the sense of having large ethnic Russian populations, resolutely rejected a closer economic union with Russia, while acknowledging the need for an efficient and transparent payments union.

Mr Victor Yushchenko, the Ukrainian national bank chairman, said in an interview that "there is a political mood in Ukraine that everything was better five years ago and therefore we need to seek some sort of unity with Russia. It's Utopia - Russian interests are quite different from ours."

In his conference speech, Mr Yushchenko said that "we should not regret leaving the rouble zone - and it is not the issue of the day. Those politicians who want to join it merely want to continue receiving cheap raw materials and cheap credits."

Mr Grigory Marchenko, the deputy governor designate of the national bank of Kazakhstan, told the conference: "I believe the rouble zone is unworkable. For far too many people it is an evasion from the major task of creating a viable banking system and a payments system."

All of the central bankers and senior officials saw the



Bogdankevich, left, and Fyodorov: in agreement that closer economic union is of no value to either Belarus or Russia

provision of external financing by the international financial institutions as the main means of alleviating what is for many of them an increasingly desperate situation.

Mr Levon Barkhudaryan, the finance minister of Armenia, who said the economy was largely dependent on Russia, nevertheless considered the main task of his central bank to be to strengthen the new Armenian currency - the dram.

He said: "Credits from the IMF and the World Bank will play a significant role in promoting the stabilisation of the economy and curtailing the balance of payments deficit."

In many cases the situation seen from the vantage point of the central bank or Finance Ministry is one on the verge of

catastrophe.

Mr Roman Gotshelidze, who recently resigned as the deputy premier for the economy in Georgia, said that the Georgian coupon was now trading at 500,000 to the dollar - and that "we will face hunger this year, especially this winter. The economy has already collapsed."

Prof Jeffrey Sachs, the Harvard economics professor who until January had directed the Macroeconomic Finance Unit attached to the Russian Finance Ministry, told the ministers and the bank governors in an evangelical address that "to bring yourselves back into the rouble zone, to the Russian military-industrial complex is a disaster for you. Your future is not just with Russia, it is with the whole world."

Well-established foreign brands, such as Sweden's Absolut and Smirnoff of the US, will also have to comply with the rules which are described as "applicable to all types of property regardless of their ownership."

Mr Yeltsin's initial decree proclaiming the restoration of

## Chernomyrdin restores vodka state monopoly

By Layla Boulton in Moscow

Mr Victor Chernomyrdin, Russia's prime minister, has issued a set of orders designed to "restore a state monopoly" on vodka and other spirits, first demanded by President Boris Yeltsin almost a year ago.

Itar-Tass news agency reported at the weekend that an order signed by Mr Chernomyrdin was aimed at "defending the state's economic interests and protecting the rights of consumers".

The Russian media have reported an increasing number of cases of poisoning from spirits. Hence Mr Chernomyrdin's extension of a state monopoly to the industrial spirits used to manufacture lethal brews.

The prime minister set a 30-day deadline for the creation of a system of state licences needed to manufacture, bottle, store, and sell alcoholic drinks wholesale; a two-month deadline for setting the price to be paid for such licences; and finally, a three-month deadline for the introduction of criminal penalties to punish offenders.

Well-established foreign brands, such as Sweden's Absolut and Smirnoff of the US, will also have to comply with the rules which are described as "applicable to all types of property regardless of their ownership."

Mr Yeltsin's initial decree proclaiming the restoration of

a state monopoly last June was followed by uproar except from domestic vodka producers who face stiff competition from better-marketed foreign brands.

Nothing was done to enforce it until this weekend.

Given the proliferation of unlicensed manufacturing and sales, as well as widespread corruption among police and officials, the latest measures are unlikely to be enforceable in the near future.

Even now most street traders - hawking new brands with names such as Rasputin and Terminator - buy fake certificates from private companies rather than face a byzantine state bureaucracy responsible for granting official trading permits.

A profitable state vodka monopoly which prevailed under the Tsars and then the country's communist rulers, collapsed when Russia introduced radical market reforms liberalising all manner of imports and commerce two years ago.

Renewed efforts to re-establish state control over the industry came as the Russian government faces not just a public outcry over the poisoning cases, but protectionist pressures from its own producers, and a desperate shortage of tax revenues.

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## Investment-starved companies offer lure of gold

By Layla Boulton in Moscow and Ken Gooding in London

Promissory notes backed by gold held in London bank vaults are the latest instrument to appear on Russia's fast-growing and virtually unregulated securities market.

Mr Vyacheslav Pankin of the Moscow central stock exchange, where the notes will be listed, reckons that Rbs50bn-100bn (\$27m-\$45m) will be sold in a month's time in the first of several offerings to investors.

The fact that the notes will be partially backed by gold held by Rothschild's in London is the main attraction of the instrument, offered by a little-known commercial bank called

Russian National Bank.

To Russia's investment-starved companies which cannot afford hard currency loans offered by Russian banks at interest rates of around 36 per cent a year, the notes offer a form of collateral to borrow money from western banks at much lower rates. Most western banks refuse to lend to Russian companies in the absence of guarantees they will be repaid.

The promissory notes have a maturity of one year. Offered in denominations of Rbs100,000, Rbs1m, Rbs5m and Rbs10m, the notes will carry an interest rate of around 300 per cent, designed to beat high Russian inflation and rouble depreciation.

"The only thing that surprises me

about this plan is that nobody thought of it before," said Mr Pankin. Rothschild's is expected to use gold options to protect itself against fluctuations in the gold market.

Russian businessmen and economic reformers are displaying apparently limitless imagination in adjusting new capitalist tools to the particularities of Russian life, which include high inflation, political instability, and the public's lack of faith in the authorities.

Mr Boris Nemtsov, the governor of the Nizhny-Novgorod region, said on Friday he had launched a "telephone loan" promising his purchasers a telephone in their home within six months.

The loan, to finance the develop-

ment of a new telephone network, stipulates that every day of delay in installing investors' new phones will cost the local telephone company a 1 per cent fine.

Mr Nemtsov is now planning a housing loan to finance the construction of apartments in a country where millions of adults still live in hostels or communal apartments.

Long-term mortgages do not exist in Russia or anywhere else in the former Soviet Union.

Nizhny-Novgorod, often seen as Russia's laboratory for economic reform, is soon expected to launch a second regional bond to raise \$56m following a successful first issue worth \$7m.

St Petersburg, Russia's second city, will be following Nizhny-Novgorod's example this summer, when it launches a municipal bond designed to help plug a big local budget deficit.

Russian citizens and banks hold surprisingly large reserves which they are willing to invest in new instruments, and the main danger to Russia's fast growing securities market is inadequate supervision to protect a credulous public from crooks.

While bogus companies, some of which have already disappeared, raise millions of dollars through dishonest but persistent television advertising, the authorities are still squabbling among themselves as to how the market should be policed.

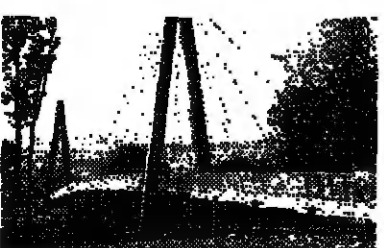
## Kevlar, Nomex, Zemdren: Helping move Europe into the 21st century.

Transportation links between countries are improving as European integration comes closer to reality. New air connections, highway systems and high-speed trains are reducing travelling times between cities. Many of these modes of transport are being enhanced by products from DuPont.

For example, often without even knowing it, millions of car drivers throughout Europe enjoy the benefits of DuPont KEVLAR para-aramid fibre. This product is an extremely light, heat-resistant fibre which does not corrode, is extremely strong and is non-magnetic. KEVLAR is being increasingly used for diverse applications in cars; from the reinforcement of asbestos-free clutch, brake linings and cylinder head gaskets to noses and tyres.

Components reinforced with KEVLAR enhance safety and reliability.

KEVLAR is also being used to strengthen V-belts for auxiliary systems such as cooling system pumps, blower fans and hydraulic



This lightweight bridge uses ropes of carbon-fibre Kevlar.

pumps, as well as automatic transmissions and industrial gaskets. Here the decisive factors for the use of KEVLAR are its superior flexibility, its heat, friction, tear and oil resistance, as well as its good shape retention.

The problem of grease stains on clothing from car door checks is now a thing of the past thanks to another DuPont development: ZYTEL reinforced with KEVLAR. A completely new door restraining system has been developed with a composite of these two products, which requires no lubrication. It has exceptional thermal resistance, NOMEX provides highly effective insulation material for the electrical transformers in these trains, which reach speeds in excess of 250 km/h.

KEVLAR has also demonstrated its strength in a completely different field. An innovative bridge in the Scottish town of Aberfeldy is constructed entirely from lightweight materials. The 63-metre long bridge platform is suspended from 17.5 metre high piers by cables of KEVLAR. The DuPont



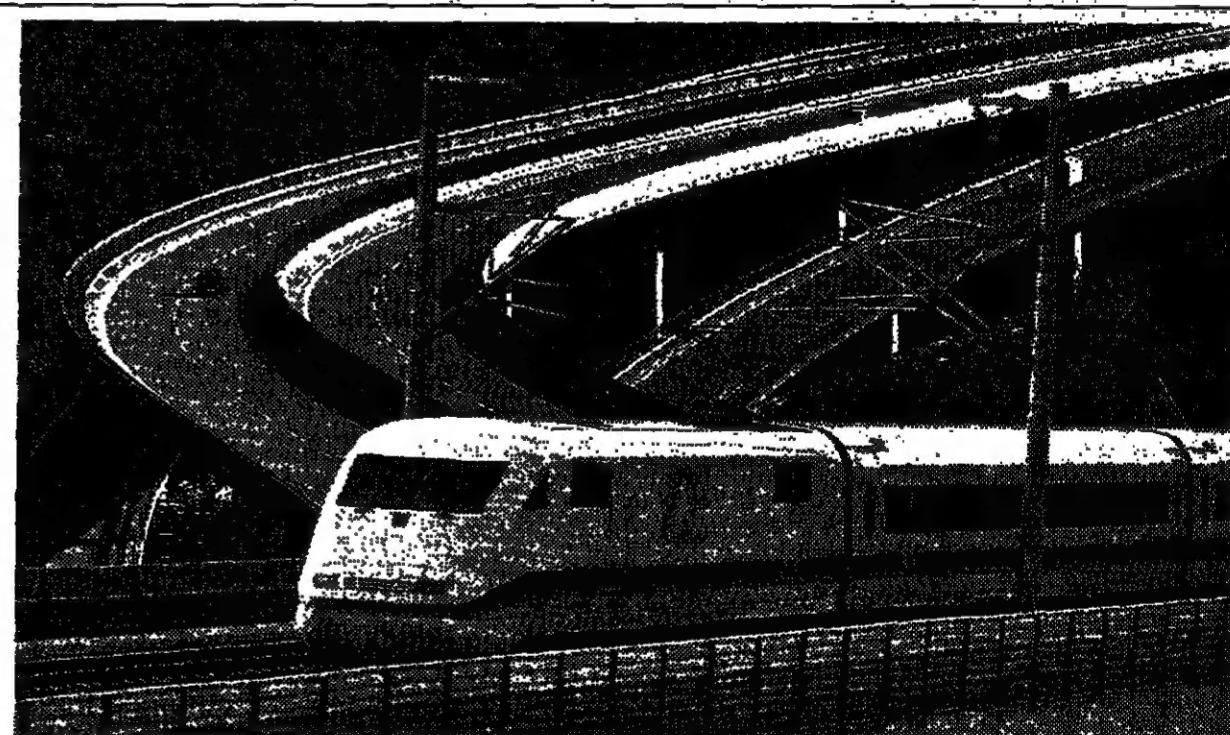
NOMEX contributes to weight reduction and increased stability of the Airbus A320.

aramid fibre was the natural choice as it is five times as strong as steel for equal weight and does not corrode. In its paper form, NOMEX, another aramid fibre from DuPont, is helping to bring pioneering technologies to commercial

reality. Take the example of high speed trains. Insulating paper made of NOMEX is an important factor behind the impressive performance of the German ICE and the French TGV trains. Because of its exceptional thermal resistance, NOMEX provides highly effective insulation material for the electrical transformers in these trains, which reach speeds in excess of 250 km/h.

NOMEX makes high-speed trains lighter and more stable.

And because NOMEX is light (only 0.9 g/cc), it has been possible to reduce the weight of the ICE's two transformers by 270 kg each, cutting



the traction unit's total weight by over half a ton. The celebrated designers Pininfarina and Fiat exploited another advantage of NOMEX in the design of the Italian high-speed trains ETR 500 and Pendolino; the fibre's combination of low weight and high strength. Honeycomb structures made from NOMEX paper are very light yet extremely rigid. Similar constructions have already proven their worth in aircraft and marine applications.

ZEMDRAIN for more durable concrete.

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ZEMDRAIN formwork liners are a DuPont polypropylene specifically engineered for



The use of ZEMDRAIN formwork liners results in smoother, more durable surfaces of concrete structures.

optimum water conductivity and solids retention, to deliver low water/cement ratios at the construction site.

Innovations by DuPont.

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Dispute with UN a 'communications mismatch'

## Nato tries to play down Serbia row

By Bruce Clark

The military command of Nato was scrambling yesterday to play down a row with the United Nations over air strikes against the Bosnian Serbs which has threatened to damage the credibility of both international organisations.

Nato officials attributed the dispute to a "communications mismatch" and similarly reassuring statements were issued by the office of Mr Yasushi Akashi, the special representative in former Yugoslavia of the UN Secretary-General, Mr Boutros Boutros Ghali.

However, neither side could conceal the fact that a heated telephone conversation took place on Saturday between Mr Akashi and Mr Manfred Wörner, the Nato Secretary-General, who was vainly seeking UN permission to begin air attacks.

Nato's initial request for permission to launch a bombing mission was issued by Admiral Leighton Smith, the commander of alliance forces in southern Europe. Mr Wörner intervened after the request was turned down.

Nato command, whose role in Bosnia is technically at the

"invitation" of Mr Boutros Ghali, has made no secret of its determination to secure greater freedom of action in mounting air attacks.

Yet the wording of the UN resolutions on Bosnia, and the sensitivity of nations like Britain, France and Canada who have ground troops in Bosnia, have prevented Nato from being given unfettered control.

On Friday, Nato issued three separate warnings to the Bosnian Serbs. They were told to expect bombing raids if they failed to:

- cease fire immediately
- withdraw from a three-kilometre exclusion zone, and allow UN peace-keepers into Gorazde, by Saturday night
- withdraw from a 30km exclusion zone by Tuesday night

Admiral Smith called for air strikes on Saturday morning because the Serbs had failed to comply with the first condition. Mr Akashi retorted that they were in the process of fulfilling the second condition and should be allowed to do so.

Personal relations between Mr Wörner and Mr Boutros Ghali were already understood to be poor, and the latest row

will strain them further. It is believed that Mr Wörner resented the idea of Nato being cast in the role of merely carrying the instructions from UN headquarters in New York.

The row showed up the difficulties of using such a blunt instrument as air strikes in such a complex situation. These difficulties might well be more evident to UN commanders on the ground than to alliance commanders outside the country.

The first condition was especially difficult to enforce, given that it amounted to a virtual invitation to Gorazde's Muslim defenders to keep the fighting going.

The UN's prime concerns include the safety of its own personnel, both humanitarian and military. The Serbs responded to the limited air strikes of two weeks by taking over 100 UN staff hostage, and would retaliate even harder to the massive air attacks now threatened by Nato.

Russia has argued that air strikes would simply play into the hands of the "war party" led by General Ratko Mladic, the Bosnian Serb commander and mastermind of the siege of Gorazde.

## Berlusconi likely to need watchdog

By Andrew Hill in Milan

Italy may need an impartial watchdog to guard against conflicts between the political and business interests of Mr Silvio Berlusconi, the media magnate who should this week be chosen as the country's prime minister.

That was the strong message given to Mr Oscar Luigi Scalfaro, the Italian president, at the weekend by allies and opponents of Mr Berlusconi. It

was echoed by the media magnate himself, who heads the right-wing Freedom Alliance which won last month's election.

After meeting Mr Scalfaro on Saturday, Mr Berlusconi said "at the moment of receiving the invitation [to be prime minister] or shortly afterwards" he would have ready a solution to the possible conflicts of interest. Mr Berlusconi's new party, Forza Italia, was established on the back of

its leader's publicity and television interests and spearheaded the election victory.

Mr Scalfaro is likely to name Mr Berlusconi to form a new government later this week, following today's commemoration of the 49th anniversary of Italian liberation from fascist rule. The event is seen by some left-wingers as an opportunity to demonstrate against the new government.

Mr Berlusconi himself has proposed a US-style "blind

trust" as one way of distancing himself from his businesses, which range from television to retailing. Last week he described the first step in this process - the planned sale by his Fininvest business empire of a majority of its publishing interests - as a "considerable sacrifice".

But allies and opponents do not believe this will be enough. One suggestion is a statutory "watchdog" to oversee the new government.

## Ban lifts Tapie's mayoral chances

By David Buchanan in Paris

Mr Bernard Tapie, the French populist businessman-turned-politician, said yesterday he would use all his energies and all legal means to try to reverse the French football federation's decision to bar him from football indefinitely and to relegate his star Olympique-Marseille club to the second division.

Ironically, the French soccer authorities' move to penalise the O-M club and its president for seeking to rig a game last year may reinforce Marseille's "martyr complex" and Mr Tapie's chances of becoming its mayor next year.

Mr Tapie, a left-wing national deputy from the Marseille region, won a local council seat handsomely last month by harping on the theme that he and the depressed southern city were being victimised by France's political and sporting establishment.

Some observers saw in the Balladur government's recent decision to postpone France's next round of municipal elections until June 1995 its desire not to see Mr Tapie become mayor of Marseille in the run-up to the presidential elections in a year's time.

In an interview with the *Journal du Dimanche*, Mr Tapie said he would comply with the French football federation's ruling, while still appealing to the French national Olympic committee and possibly the Council of State, the country's highest administrative tribunal, to have it reversed.

## Attempt to cool Curb on banks' Schneider fury

By Christopher Parkes in Frankfurt

Deutsche Bank main board directors will today attempt to calm the storm over the bank's involvement in the DM5bn (€220m) bankruptcy of the Jürgen Schneider property group.

Mr Hilmar Kopper, the bank's chairman, will lead a press conference flanked by senior managers most closely involved in the granting of loans to the fugitive Mr Schneider.

Mr Georg Krupp is supervisory board chairman at Deutsche's main property lending arm, Deutsche Zentralbankkredit, based in Cologne. Mr Ulrich Weiss is the director responsible for a Mannheim division which is understood recently to have granted Mr Schneider an interim credit.

Deutsche Bank is owed a total of DM1.2bn, according to Mr Kopper. Most is secured against valuable, although uncompleted, developments in west Germany.

Mr Kopper last week warned of "consequences" at board level if an independent internal

inquiry proved "mistakes" had occurred. He later added in a television interview that "a system error" must have been made. As a mortgage provider, Centralbankkredit had even stricter lending guidelines than the parent.

He did not know why the amount of lettable space in the property in question had not been checked. The sums were certainly big enough to justify a visit.

Mr Kopper also claimed that Deutsche was a victim. Its pride in its status as a "star pupil" had been hurt by its being found not doing its homework properly.

Deutsche was also a victim in the recent near-collapse of the Metallgesellschaft group, which was saved only after Deutsche and Dresdner Bank led a financial consortium which agreed to fund a DM3.4bn rescue package.

Mr Ronald Schmitz, who chaired the Metallgesellschaft supervisory board, and helped arrange the rescue, also came under considerable external criticism at the time.

The Social Democratic party (SPD), the main opposition party, has proposed a law forbidding banks and insurance companies from holding stakes of more than 5 per cent in other companies. This follows charges that the present network of large, overlapping stakes does not allow enough transparency and keeps out foreign investors.

The new law would also try to make supervisory boards more effective by preventing any one person from sitting on more than five boards, instead of the present limit of 15. It would also be forbidden to sit on the boards of companies competing with each other.

While there is almost no chance that the law will be enacted before the October general elections, the SPD said the measures would be a priority during its first year in office if it won the October elections.

German banks, most notably Deutsche Bank, which is the largest and best known, have become extremely sensitive to

charges that they operate a "closed shop" with their shareholders.

Criticism of the banks has gathered pace following the recent collapse of Jürgen Schneider AG, the construction group which had been lent DM1.2bn by Deutsche Bank.

Frantic efforts earlier this year to save Metallgesellschaft, the metals and industrial group, after it lost DM2.3bn in oil futures trading, also drew criticism of the supervisory board system which in this case had failed to spot the risks.

"A gentleman's club of management board members mutually approves each others' activities at annual general meetings," the SPD said in a statement.

The SPD legislation, called an "Amendment of the Economic Law for More Transparency and Competition", also requires that salaries paid to members of management and supervisory boards be declared and that shareholders have more extensive rights to challenge decisions made by the two boards.

### INTERNATIONAL PRESS REVIEW

## Serb newspapers ignore plight of besieged Moslems

SERBIA

By Laura Silber

Duga, the most popular magazine in Serbia, was impossible to find last week. There had been a rush to read the confessions of Mrs Dajana Milankovic, whose bank, Dabank, failed last year, leaving her depositors clamouring for about \$300m.

The interest in matters financial came as the foreign press was asking whether the Nato ultimatum would end the tragedy in the Moslem enclave of Gorazde. Serbia's state-run media ignored the plight of the Moslems and denounced the West as warmongers conspiring against Serbia.

The media is one of the main pillars upon which President Slobodan Milosevic of Serbia has built his regime, using it to whip up ethnic hatred against his opponents. Tiny B-92, a Belgrade radio station, and a handful of objective and independent publications, are overshadowed by the gigantic Television Serbia, which spews a mixture of lies, bigotry and misinformation.

In the Duga article, members of Serbia's ruling elite were alleged to have been involved in financial wrongdoings, which led to the collapse of Dabank, one of the biggest banks in the Balkans, and left tens of thousands of Serbian citizens without any savings.

At first, Mrs Milankovic's remarks seemed a scandalous expose of the murky world of Belgrade's powerbrokers. But her revelations stopped short of implicating Mr Milosevic and his allies. Instead her roster included people who, in varying degrees, were Mr Milosevic's opponents and could now be made public scapegoats.

Duga fits in the largest category of Serbian publications, those which pretend to be independent but are actually run by the regime of Mr Milosevic. However, each issue offers a bizarre range of viewpoints: from the fascist to liberal.

Of special interest in Duga is the diary of Mrs Mijana Markovic, the wife of Mr Milosevic. Her musings on the nature of life, spring-time in Belgrade often sound the death knell for the political rivals of her husband or herald an imminent Machiavellian manoeuvre by the Serbian President.

The diary of Mrs Markovic is then reprinted in *Politika*, the oldest and most influential Serbian daily. This traditionally pro-government newspaper over the past year has softened its tone after an unfortunate period as a screeching mouthpiece of Serbian nationalism.

In Belgrade, three other daily papers are published: ultra-nationalist and anti-Western *Vecernje Novosti*, sensationalist *Politika Express*, and liberal *Borba*. While each claim a high circulation, readership



How Belgrade's *Vecernje Novosti* sees the conflict

has fallen drastically with the impoverishment of the population and the disintegration of Yugoslavia.

The centrepiece of the Serbian media is *Televizija Serbia*, the motor of the government's propaganda machine. It is most powerful in rural parts of the country, where the illiteracy rate is higher, and is especially important in Serb-held territories in Bosnia and Croatia, where newspapers are rare commodities.

The main news programme, *Dnevnik 2*, sets the tone of popular opinion. Its content is so tightly-controlled that it must be approved by the highest level of government. Information is re-packaged in such a way that, for example, the Serb assault on Gorazde is portrayed as a desperate counter-attack by heroic, bare-handed Serb defenders. Any public appearance of Mr Milosevic is the top item on the news.

It goes to great lengths to mould public perceptions. At the weekend President Bill Clinton was depicted as an "enemy of the Serbian nation" for his calls to launch air strikes. *Televizija Serbia* broadcast a remarkably untattering photograph of him with mouth agape.

Television Serbia over the past few years has sacked dozens of liberal and talented journalists leaving a cast of the obedient who serve up a nightly diet of dull and rambling programmes, in the

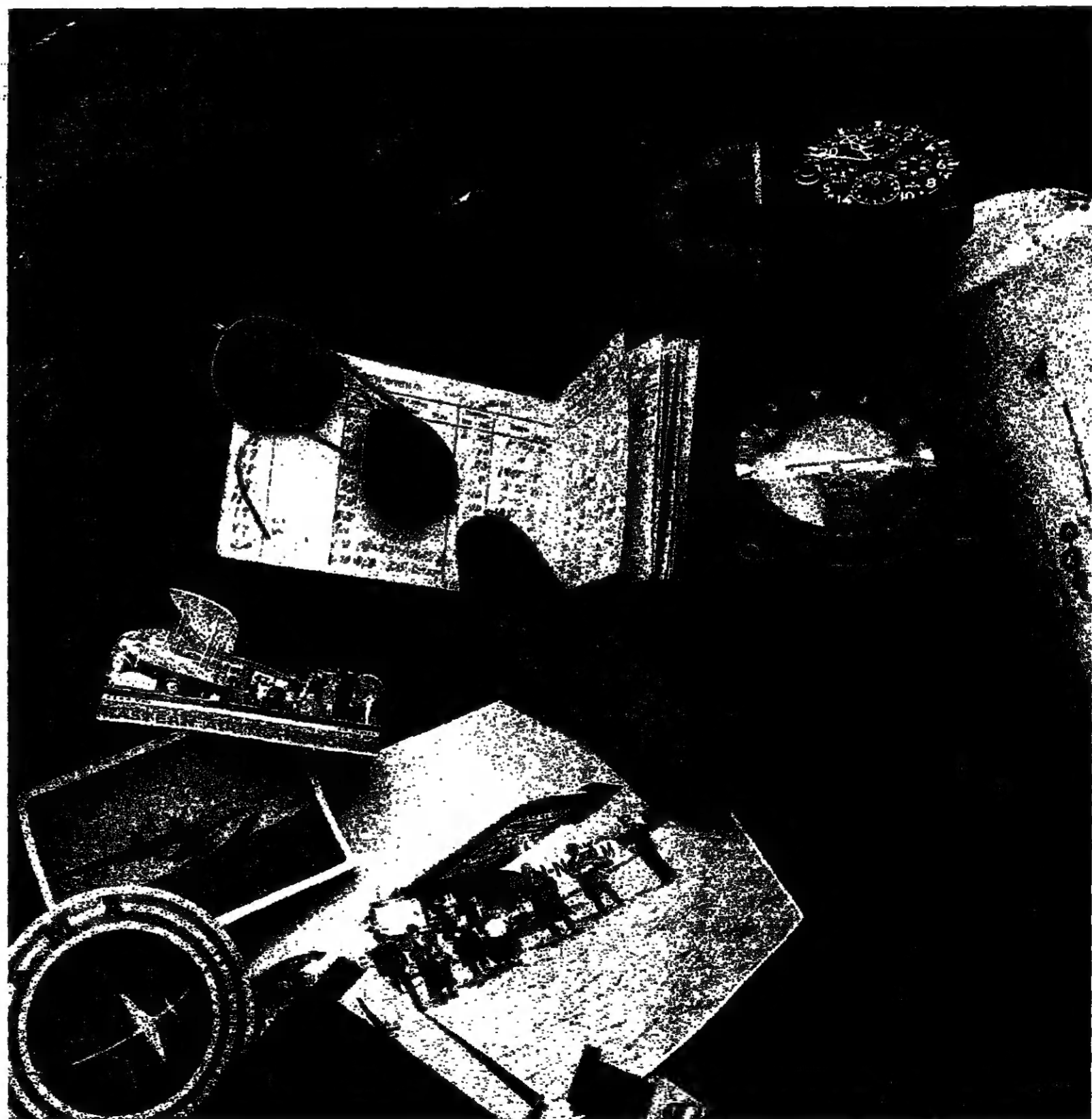
old-fashioned communist style. There is a small but flourishing independent media which openly criticises official policies.

Tiny B-92, the courageous independent radio, cannot be even be heard in all of Belgrade. The group of dedicated reporters has managed to excel even in the most adverse circumstances. *Vreme*, the respected weekly, *NIN*, which has emerged as a non-partisan magazine, and *Borba*, the only liberal daily, are an island of sanity in this hostile sea of nationalist hatred.

In Kosovo, the mostly ethnic Albanian province in southern Serbia, Albanian-language broadcasting was shut down four years ago by Belgrade, but the press has rebounded. *Balkan*, the daily, is controlled by the biggest Albanian party, *Koha*, *Forumi* and *Zeri*, independent weeklies, offer a range of political viewpoints.

The campaign against the independent media in Serbia reached fever pitch with Nato air strikes against Serb targets in Bosnia, when the credentials of thirteen journalists working for foreign media were revoked. Belgrade radio warns of dark days for Yugoslavs working for non-governmental media.

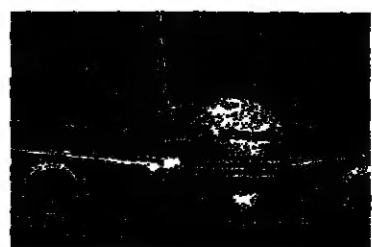
The state of the Serbian press reflects the moral disarray of the country. As Belgrade heightens its rhetoric against the outside world, the independent media remains at the mercy of a merciless regime.



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## NEWS: SOUTH AFRICAN ELECTIONS

## World offers democracy a helping hand



Never has an election in Africa, or anywhere else in the world for that matter, been so closely monitored and observed. When South Africa's 22.7m voters go to the polls this week they will do so under the scrutiny of thousands of foreigners in an exercise managed by more than 200,000 local officials and volunteers, and under the protective eye of at least 100,000 police, soldiers and reservists, erstwhile defenders of apartheid now helping play midwife to democracy.

For some of the foreign participants, it is the culmination of months of involvement, working behind the scenes as technical advisers. And for some it has been a lonely, sometimes tricky, experience in the field; in northern Natal or eastern Transvaal as potential targets of Zulus, who once threatened a boycott but who are now enthusiastic

## Thousands on hand to help smooth process, writes Michael Holman

participants, or resentful right wingers. Most of the publicity, however, focuses on democracy's day-trippers - famous names jetting in for the final days, the culmination of a process that got under way more than four years ago when Mr Nelson Mandela was set free.

The world's political has-beens, would-bes, wannabes and may-yet-bes - from former US presidential candidate Jesse Jackson to ex-British Labour party leader Neil Kinnock - are here to pronounce.

The luminaries include ex-Zimbabwean president Robert Mugabe, staunch advocate of a one-party state during his disastrous 20-year reign, but now a reformer preaching the merits of a justiciable bill of rights and multi-party democracy.

The delegation from the Organisation of African Unity, whose member states'

record on democracy is hardly more edifying than South Africa's National party, include in its ranks two incongruous arbiters of fair play.

One headed his country's electoral commission, his integrity apparently unimpaired by the fact that the ruling party, which went on to win an election riddled by malpractice, had written off his debts to a state-controlled bank.

Another is named in an official report suggesting that he might be able to help with inquiries into the murder of leading members of the country's judiciary.

But day-trippers aside, the bulk of the men and women in the field have been doing a valuable, sometimes dangerous job, their presence alone making potential trouble-makers think twice and reassuring voters who are nervous about intimidation.

They form an army - or at least a couple of battalions - of overseers who have flown in from around the world.

Leading the field is the 2,000-strong United Nations observer mission which is co-ordinating the exercise, and the 50-strong OAU team. Add to this a further 600 independent observers from UN member states, about 2,000 observers from assorted non-governmental organisations, and a couple of thousand reporters, camera crews and photographers, and South Africa's voters will be grateful to find sanctuary in the privacy of the polling booth.

The exercise represents the largest single deployment of UN monitors, some 1,500 from more than 80 countries, equipped with blue vests, caps, the UNOMSA acronym and expressions of determined neutrality.

Britain's Liberal Democrat MP, David

Steel, the Belgium Christian Democrat Wilfried Martens and French socialist Jean-Pierre Cot lead the team of 500 European parliamentarians.

Most of these onlookers have remained silent during the process, accepting without public comment the imposition of a state of emergency in Natal, refusing to comment on detentions or cases of intimidation. As Prof Jacob Ruiter, spokesman for the European Union monitors, said last week in response to questions about detentions: "I have no comment. We are here only as observers."

It would take a catastrophe, however, before the body at the heart of the election organisation would be prepared to declare that the election had not been "substantially free and fair". From its inception in December 1993 with a handful of staff, South Africa's

Independent Electoral Commission (IEC) now employs more than 200,000 South Africans to cater for the millions of voters, many casting ballots for the first time in 9,000 polling stations.

Mr Johann Krieger, chairman of the Commission, carries the responsibility for administering the election and ultimately determining whether polling has been acceptable.

He seemed to have ruled out an adverse decision from an early stage. "Should we come, heaven forbid, to the conclusion that we cannot so certify, our country will be plunged into disaster," he said in February. "Self-evidently," he continued, "that is a result which we will strive to avoid with all we can muster."

But to South Africa's and the world's overwhelming relief, the disaster that could have been brought about by political violence or sabotage looks to have been averted. As one foreign observer put it: "So far, so miraculous."

## AFRICAN NATIONAL CONGRESS

## Mandela, 75 going on 16, leads the way

By Patti Waldmeir in Johannesburg

We know only one thing for certain about this week's South African election - who will win it. Mr Nelson Mandela, president of the African National Congress, is on the right side of history, and that will put his party on the right side of victory as well.

For neutral observers that has taken some of the excitement out of the election campaign. But partisan participants have had no trouble getting excited about the campaign. Certainly, Mr Mandela has loved it, and the crowds have loved him.

"Although I am 75 years of age, when I am among you I feel like a young man of 16. You are the people who inspire me every day of my life." He has paid this tribute to countless crowds, and he has never sounded less than sincere, however often he has said it. "I am humbled to represent the work and struggle of so

many people who made democracy a reality in our country." No one is tempted to disbelieve him.

Mr Mandela is a natural, with his radiant smile and his obvious love for his people. Unlike President F.W. de Klerk, the National party leader - who arrives at rallies surrounded by a phalanx of security men and only smiles on cue - Mr Mandela's smile is straight from the soul (and his security is too often ignored). He spends as much time as possible shaking hands and displaying his regal physique to adoring crowds, whether standing on the back of a truck to make a circuit of a football field, or sticking his torso through the sun roof of his car to tour townships waving like royalty.

But there is another side to the septuagenarian leader: he is one of South Africa's most boring speakers. By the time he finishes, he has often lost half the crowd. But he is not deterred. With his forefinger

wagging in a style first popularised by former President P.W. Botha, Mr Mandela delivers headmasterly lectures condemning mass protest action (pioneered by the ANC, but no longer welcome now it is assuming power), urging co-operation with the police and tribal chiefs (hated symbols of apartheid), even extolling the virtues of punctuality.

Mr Mandela persists with his stern lectures, oblivious of the reaction of his supporters. And that fact tells the real truth about the campaign: that it is not a contest at all. There are almost no "swing voters". It is inconceivable that many of those viewing a recent televised debate between Mr Mandela and Mr de Klerk were trying to decide between the two contestants. South Africa simply does not work like that: people do not leave the ANC camp to join the NP, or vice versa. The gulf is too wide.

Mr Mandela's greatness lies in his efforts to bridge that gap.

## PAC

## Radical policies alienate whites

By Michael Holman

One thing is certain about any assessment of the appeal of the Pan Africanist Congress, led by Mr Clarence Makgohle: it will not win white votes.

Its radical economic policy - which stresses the need for a redistribution of farmland, the "one settler one bullet" slogan which the party's leadership has yet convincingly to disavow - and the killing of several whites last year by the military wing, the Azania People's Liberation Army, confines its appeal almost exclusively to black South Africans, and the unemployed youth in particular.

The PAC, which broke away from the ANC in 1969, may be biding its time, accepting that it will make at best a modest showing in this week's poll - few observers predict more than 5 per cent - but keeping its powder dry, so to speak.

Senior officials argue that the new government, almost certain to be dominated by the ANC, will not be able to deliver on its promises. It will also emerge, says the PAC, as a party that has entered into an unholy pact with the white minority, with senior ANC leaders settling down into a comfortable life and alienating their followers.

Support for the PAC outside the townships comes mainly from the eastern Cape, home of the black consciousness movement which was so influential in the 1970s and in which the party has its roots.

Its greatest potential is in the former homeland of Transkei, where several APLA bases exist thanks to the tolerance of Maj Gen Bantwa Holomisa. His stance enhanced his credentials but the former homeland leader chose to give his support to Mr Nelson Mandela, the ANC leader who, like many other ANC officials, was born in the Xhosa-speaking region.

Gen Holomisa has succeeded in turning the region into something approaching a no-go area for all but the most intrepid of campaigners other than those of the ANC.

## INKATHA FREEDOM PARTY

## Buthelezi relies on high profile

By Patti Waldmeir

The face of Zulu leader Mangosuthu Buthelezi appeared screen-printed on traditional African cloth, shirts, skirts and scarves months before he officially entered the election race.

Chief Buthelezi in fact has spent 20 years making sure his face is well known to every potential voter in his power base of Natal province, and in the migrant workers' hostels near Johannesburg, where his support is strongest.

His campaign strategists say they are relying on his high profile to compensate for the brevity of his campaign: only five days (as campaigning stops at 7am today).

The biggest boost for his campaign so far came when King Goodwill Zwelithini called on Zulus to vote.

Those who are likely to heed the call of their traditional ruler (as opposed to urbanised Zulus, whose tribal ties are weaker) are likely to exercise their vote in favour of Inkatha, the party of ethnicity and tradition.

For it is not as though Chief Buthelezi is setting out to woo voters away from other black parties, notably the African National Congress.

In a country of rigid political loyalties, western-style cam-

paigning has little impact. Individual preference is almost always subservient to choices dictated by geography (residents of ANC areas are unlikely to risk voting Inkatha) or greed (many vote not for the policy but for the prospect of personal benefit).

Chief Buthelezi's goal is simply to ensure that his supporters know that they are supposed to vote and not boycott the election.

The rest takes care of itself: Inkatha supporters respect authority and are used to taking orders; the key is to ensure that they know what those orders are.

Support among whites - the other potential pool of Inkatha voters - is a different matter. Chief Buthelezi's white support fell away almost entirely during his campaign to boycott the poll; but if Johannesburg's radio talk shows are anything to go by (and with publication of opinion polls banned, there are few other ways to test public opinion) many have returned since his decision to participate.

They, too, need little persuasion. Everyone knows his positions on questions such as federalism, after months of daily news coverage of his dispute with the ANC on this matter. No campaign can do more.

## DEMOCRATIC PARTY

## Destined to remain on periphery

By Michael Holman

It has been a long political journey for Dr Zach de Beer, who entered parliament in 1953 aged 24 (for the now defunct United party) before switching careers and joining Anglo American, where he was a director until his retirement in the mid-1980s.

Now 65 and leader of the liberal Democratic party, Dr de Beer is within reach of a cabinet seat in the post-election government of national unity. Should he take up the position (his decision will depend partly on what he is offered) he will represent a party that has long been the conscience of white

South Africa. However, the Democrats will remain on the periphery of real power.

Over the weekend Dr de Beer expressed the obligatory eye-of-poll confidence. "I think we will get at least 5 per cent, probably 8 per cent, of the vote," enough under the proportional representation system that determines the allocation of cabinet posts for the DP to get at least one portfolio.

But admirable as the party has been as a champion of a now-triumphant cause, and which had the doughty Helen Suzman as its MP for most of her 36 years in parliament, it seems to have failed to expand

much beyond its liberal white constituency and make significant inroads into the black electorate.

Last night, at their final rally in the wealthy Johannesburg suburb of Houghton, still the party's heartland and the constituency dominated for so long by Mrs Suzman, the audience was enthusiastic, supportive - and mainly white.

Dr de Beer and Mr Tony Leon, the party's tough, talented and quick-witted 37-year-old deputy, rallied the party faithful, castigating the record of the National party.

At the same time they questioned the African National Congress's commitment to a

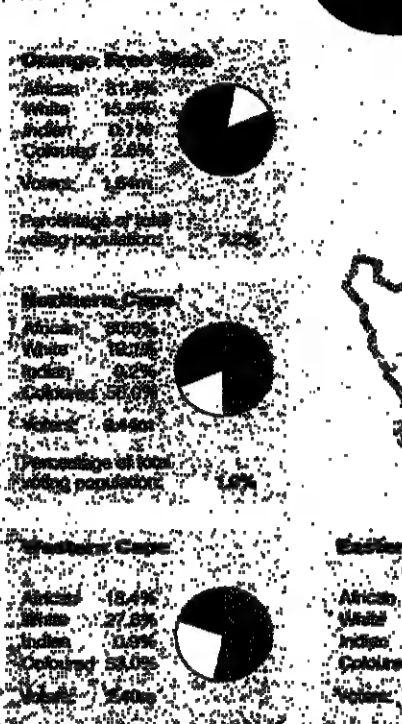
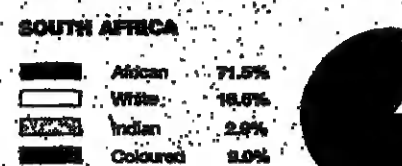
market economy, and warned that despite Mr Nelson Mandela's support of a justiciable bill of rights, the country still needed the Democratic party to play its traditional watchdog role.

But the respect the party enjoys is not matched in the polls.

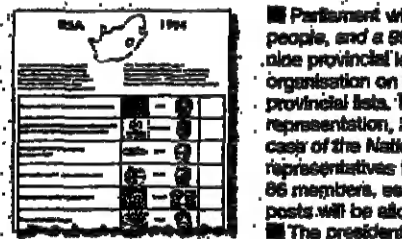
Unfortunately for the party, the Nats have stolen most of the Democratic's clothes, and the best Dr de Beer and his colleagues can hope for is to keep the liberal flag flying in the new parliament and hope that their day will come if and when a realignment of political parties takes place in the years ahead.

## Voters, parties, personalities

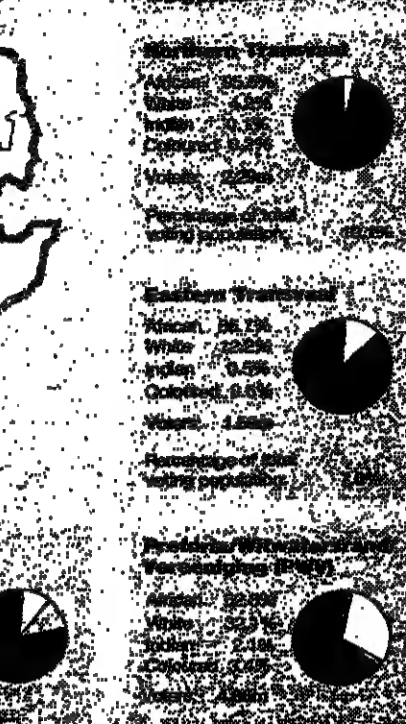
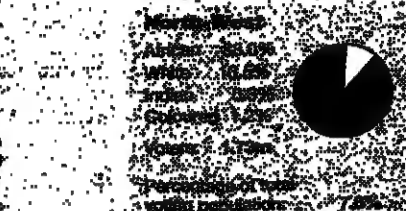
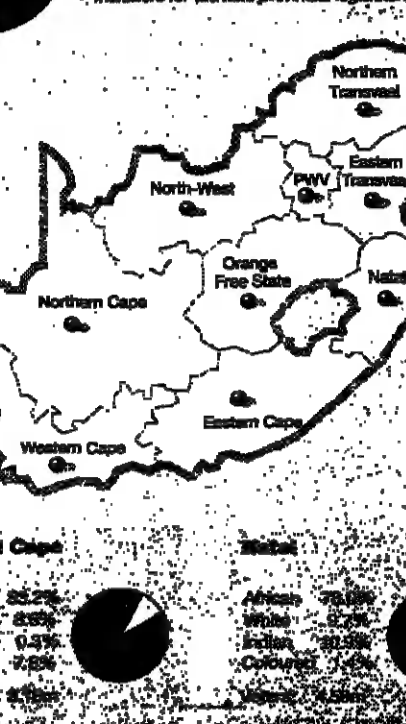
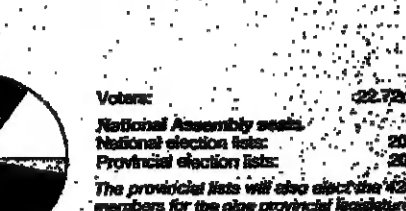
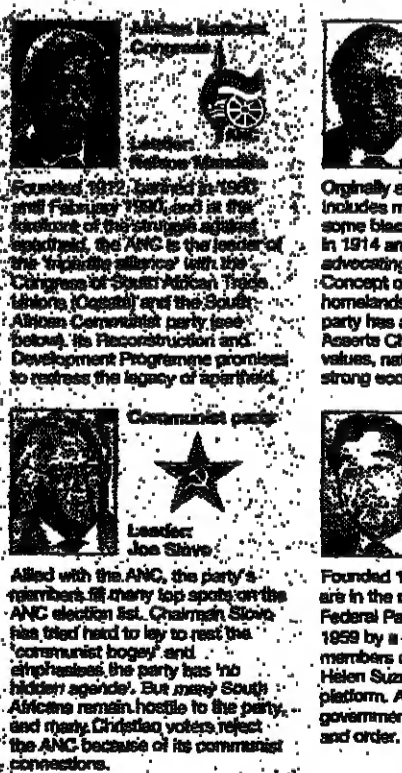
## Voters by province and race



## Each voter has two votes



## The main contenders



## NATIONAL PARTY

## Apartheid architects break the mould

By Michael Holman

Tumultuous applause greeted President F.W. de Klerk, hand-in-hand with his wife, as he stepped out on the podium of Cape Town's Good Hope Centre for the last rally of the National party's remarkable campaign.

It is the state president's final appearance in a campaign in which there has been a transformation in the NP's image. The party synonymous with apartheid is now selling itself to voters as the "new National party," acutely aware it has to break out of its ethnic mould and make inroads into the black, Indian and coloured (mixed race) constituencies if it is to shape and direct the affairs of South Africa in the years to come.

A shrewd advertising campaign, running full-page profiles of black teachers, clerks and other professionals who have openly declared their support for the party with the best playing on fears of violence and intimidation, has helped win over some black voters.

Whether the impact will be anything more than marginal in an election in which there is probably only a small pool of "floating voters" remains to be seen. But the country's millions of coloured voters, most of whom live in Cape Town and the surrounding region, are another matter.

Conservative, fearful of an ANC hegemony, anxious about the impact on jobs and housing of the massive influx of black workers into the Cape since 1948, controls were dropped, the majority appear to have been won over to the NP cause.

The genuine warmth of the reception from the 8,000-strong crowd packed into the auditorium this weekend was poignant. The audience was predominantly coloured, the creation of union between white and black over the last three centuries. But the leader of the once exclusively white party that disenfranchised them was taken back into the fold.

"I want to pay tribute to you who have been prepared to forgive what has happened in the past, who have been prepared to open your hearts and your arms for me and made me feel safe in those arms," said Mr de Klerk, visibly moved.

What the National party stands for, Mr de Klerk tells this and other rallies around the country, are family values, law and order, Christian ethics, sound, market-driven economic policies, and hard work. Hendrik Verwoerd, prime minister of apartheid, must be turning in his grave.

## FREEDOM FRONT

## Viljoen woos Afrikaners

By Patti Waldmeir

"Compared to his right-wing cronies, he's practically Yasir Arafat," writes the Johannesburg Weekly Mail's caustic columnist, Charlotte Bauer. That is the strength of the man who leads the right-wing Freedom Front, retired army General Constand Viljoen: amid the buffoons and dangerous lunatics who people the land of the far right, Gen Viljoen rises above as a man of integrity and disarming honesty. Also like the Czech president, he is no politician.

That has probably hampered his election campaign, launched not quite as tardily as Inkatha's, but late enough to constitute a handicap. (The Freedom Front broke away from its predecessor, the Afrikaner Volksfront, only six weeks ago; it was formed to contest the election.)

The Freedom Front's message is simple: jaw-jaw and not war-war will win a volkstaat (homeland) for those Afrikaners who fear life in the new South Africa. It is a sober message and not the stuff to pump up the macho pride of the typical right-wing Afrikaner. And the dry Gen Viljoen scarcely inspires a passionate devotion to peace.

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Passion is the province of neo-Nazi leader Eugene Ter-

reblanche, leader of the Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement, AWE). But he is widely despised in right-wing circles. Gen Viljoen reckons he needs a 40 per cent vote from the 1.8m Afrikaners (720,000 votes) to persuade the next government to give the Afrikaner a volkstaat. As some 800,000 people voted "no" in the 1992 referendum on ending apartheid, there seems a fair chance of this.

However, the ultra-right Conservative party, which organised the "no" referendum vote, is boycotting the poll and this will hamper Gen Viljoen's campaign.



## S Korea's cabinet in firing line

By John Burton in Seoul

South Korean President Kim Young-sam will decide this week whether to carry out a cabinet reshuffle following the sudden resignation of Prime Minister Lee Hoi-chang on Friday. Mr Lee Yung-dug, minister for unification, is expected to receive parliamentary approval today as the new prime minister in spite of being rejected by the main opposition Democratic party.

Prime Minister Lee, who had earlier led the government's anti-corruption campaign, resigned after only four months in office in a dispute over his authority under South Korea's presidential system.

The search for a new unification minister could trigger a general reshuffle of the government's senior foreign affairs officials, who have been criticised for pursuing an inconsistent policy on the North Korean nuclear issue.

The wavering on North Korea reflects disagreement over whether Seoul should adopt a conciliatory policy toward Pyongyang or pursue a hardline stance. Mr Lee Yung-dug has advocated a tough response to North Korea's refusal to accept inspections,

leading to speculation that prominent moderates, such as Mr Han Sung-jo, the foreign minister, may be replaced.

Mr Lee demanded last week that he should approve all decisions taken by the North Korean policy group as part of an attempt to increase the prime minister's power in cabinet deliberations. The office of prime minister is regarded primarily as an administrative position, with the president making most key decisions.

● The president of the state-controlled Korea Exchange Bank, listed on the Seoul bourse earlier this month, resigned at the weekend after the bank was accused of tampering with its bidding price for shares in Korea Telecom that were auctioned last week.

Mr Huh Jun is the second KEB president to resign within a year. His predecessor was sacked last June during the government's investigation of official corruption.

The episode raises questions about the government's procedures for auctioning state companies as KEB was commissioned to handle the bids for a 5 per cent stake in Korea Telecom while simultaneously bidding for some of the shares.

## Japan's talented technocrat rides his luck

William Dawkins on Tsutomu Hata's route to the top

For a man who claims to have no ambitions, Mr Tsutomu Hata, 58, has had an astonishing run of luck over the past 12 months.

Last April he was asked by Japan's former Liberal Democratic party government, of which he was a member, if he would like to be foreign minister. The offer came on the understanding that he would, one day, become the party's leader.

After consulting his political mentor, Mr Ichiro Ozawa, the offer was turned down. Mr Hata suggested he wanted instead to concentrate on leading a political reform movement.

The decision seemed quixotic to LDP leaders at the time, as political reform movements had led nowhere in Japan. Little did they realise that a few months later Mr Hata, along with Mr Ozawa, would bring an end to 38 years of LDP government by leading a defection from the party and that, ultimately, he would take both the jobs they offered, foreign minister and prime minister.

As an experienced technocrat and winner of friends, few politicians in Tokyo can better Mr Hata, leader of the Japan Renewal party which is at the core of the unstable coalition. Yet many people who have worked with him doubt whether he has the intellectual

drive to set his own political agenda.

Bureaucrats who have laboured under Mr Hata in his previous incarnations as agriculture minister, finance minister and, latterly, at foreign affairs, adore him.

They say he is professional, smooth and easy-going in contrast with the pompous, often arrogant, LDP elders of recent times.

He has a good record. Mr Hata was the chief negotiator behind the opening of Japan's beef and orange markets in the early 1980s, he opened the rice market as foreign minister last year, and was Japan's negotiator in the Gatt deal.

He should therefore have the experience to run a more stable regime than did Mr Morihiro Hosokawa, who had never held a cabinet post before becoming prime minister eight months ago.

But will the "nice" Mr Hata be able to bully the divided coalition into making decisions on divisive matters such as tax reform, Japan's position on possible UN sanctions against North Korea, and the US trade dispute?

On balance, those who know him fear the answer is No. "He is not good at political bargaining, not good in a power struggle," says his wife, Yasuko.



Tsutomu Hata: can claim to be the plain man's man

And Mr Minoru Morita, the political commentator, adds: "Mr Hata may not have the strength and forcible personality to decide things by coercion." One senior civil servant compliments Mr Hata as a talented technocrat, but fears that "at the top of the tower

this may not be enough". He lacks the sense of mission that earned Mr Yasuhiro Nakasone, prime minister for five years to 1987, the highest international regard of any Japanese leader in recent decades, says the official.

US officials share these reservations. They hope Mr Hata will allow himself to be influenced by Mr Ozawa, the deputy leader of the JRP whose skills as a backroom strategist have earned respect in Washington.

The prospective new leader will soon have a fight on his hands, as the coalition will have to decide on a cut in income tax and a rise in sales tax - opposed by the Social Democratic party, its largest member - before the Group of Seven summit in July. It is the toughest issue facing the government but an unavoidable one, because of US demands for evidence that Tokyo is prepared to deliver on promises to stimulate demand for imports.

However, Mr Hata could prove more durable than Mr Hosokawa, despite the battles ahead. Even Mr Hata's enemies in the LDP suspect he will be hard to hurt with the suggestions of financial impropriety that the opposition employed to finish off his predecessor just over two weeks ago.

There is one possible financial taint. As a former member of the LDP's kingmaking Take-shita faction, Mr Hata was close to Mr Shin Kanemaru, the faction's chairman who is now on trial for tax evasion. But with typical candour, Mr Hata has never denied having been part of "sloppy political power play".

"All politicians are guilty because of the system... so it's up to us to change the system," he explained.

Another of Mr Hata's assets is that his style and credentials allow him to appeal to left and right, traditionalists and reformers.

As one who has climbed the ladder from ticket puncher to manager in a Tokyo bus company, Mr Hata can claim to be the plain man's man, reflected in his 61 per cent popularity score in an opinion poll last week.

But he also has roots in old conservative politics, as member of parliament for 25 years for a farming constituency in the mountainous central region of Nagano. In his LDP days he was a member of both the agricultural and telecommunications zoku, or sector lobbies, an unusual combination of old and new politics. "He is unique in Japanese politics - an average man with common sense," says Mr Morita.

## Taiwan to Beijing send arson delegation frees key dissident

Taiwan will send a delegation to China to gather details on the deaths of 24 Taiwanese tourists in an arson case that has set back detente between the two sides, AP reports from Taipei.

Mr Huang Kun-buei, chairman of the Mainland Affairs Council, told reporters that the delegation would leave for China in a week. The 24 were found dead on March 31 in a burned-out boat on a lake in China's Zhejiang province.

Earlier, Taiwan had demanded an open trial for three suspects arrested by Chinese authorities last week and more details on the investigation before it would accept China's suggestion to send a delegation.

Beijing's semi-official Association for Relations Across the Taiwan Straits sent a letter to its Taiwanese counterpart over the weekend promising that China would answer questions about the case, Mr Huang said. "The most important thing now is to find the truth and hammer out compensation for families of the victims... so it is still imperative to hold talks on the incident," Mr Huang added.

The case has prompted Taiwanese groups to call for a boycott on tourism to the mainland and for a suspension of new investment projects. It has also heightened the impression in Taiwan that Beijing remains an unreliable partner.

China played a trump card at the weekend when it freed Mr Wang Juntao, one of the leaders of the pro-democracy protests of 1989, to travel to the US for "medical treatment", writes Tony Walker in Beijing.

Mr Wang's early release from a 13-year jail sentence was widely interpreted in Beijing as an attempt by China to improve prospects for renewal of its privileged trade access to the US market.

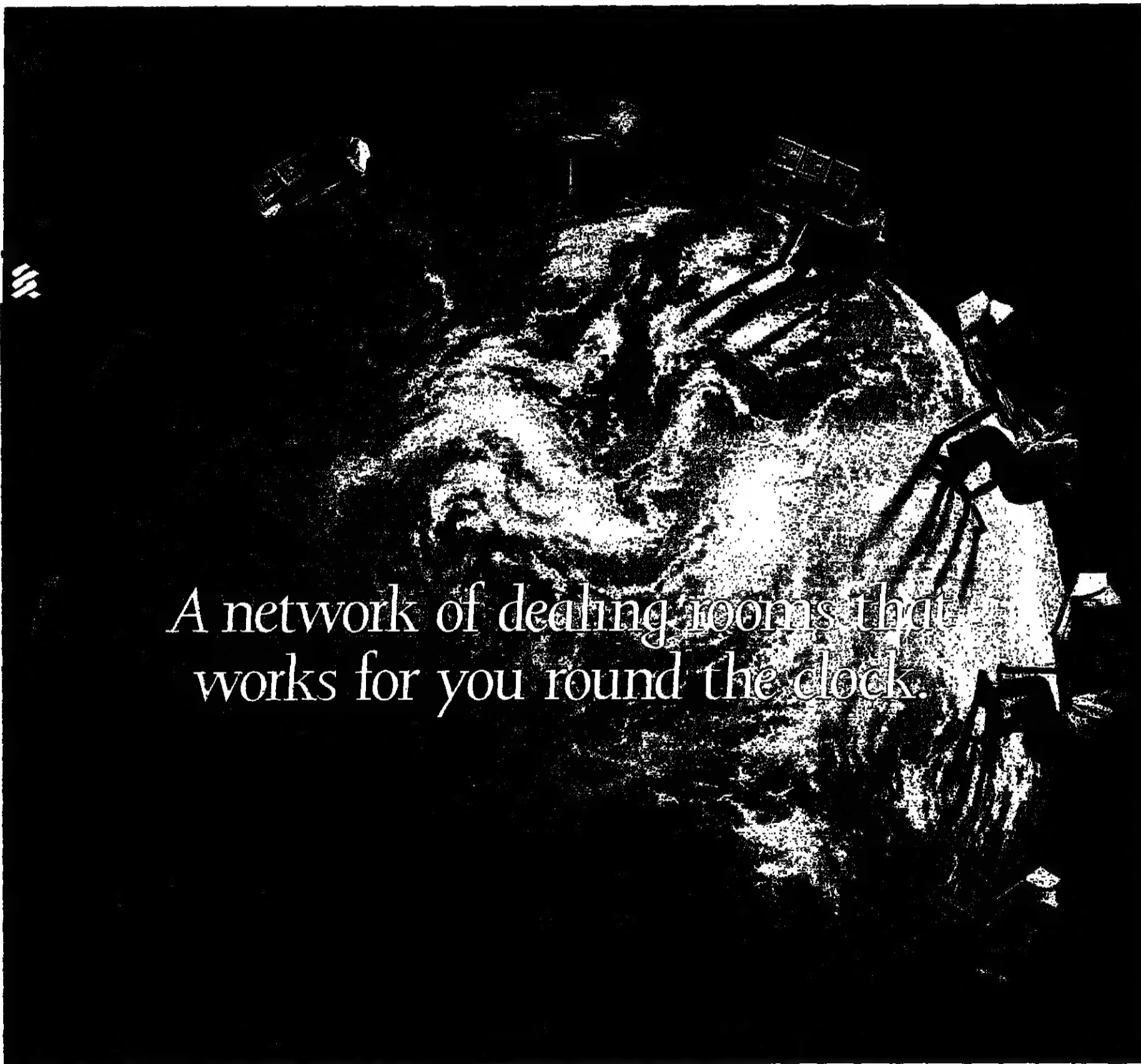
President Bill Clinton is required by June 3 to rule on whether to renew China's Most Favoured Nation trading status. He has made renewal conditional on "overall, significant improvement" in China's human rights behaviour.

US officials say China has made progress towards satisfying US criteria for renewal of MFN but has not gone far enough. The recent detention of Mr Wei Jingsheng, China's most prominent dissident, was seen as a setback.

Mr Wang, who was accused of being one of the "black hands" behind the Tiananmen protests, was sentenced in 1991. His wife had fought a long campaign for his release.

He was reported to be suffering from several serious ailments, including heart disease and kidney problems. He had staged at least one hunger strike during his jail term.

Chinese exports to the US, the bulk covered by preferential tariffs under MFN, reached \$31.5bn last year.



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COMPANHIA PARANAENSE DE ENERGIA - COPEL informs that the international bidding is open for design, supply, transportation, assembling and operation start-up of Rio Jordão Derivation Turbine-Generator and Related Equipment, located at Pinhão and Cândido municipalities border, in the State of Paraná - Brazil.

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At the time of purchase of the Bidding Instructions, the company shall present a letter containing its complete mailing address. The bid delivery will be on July 13, 1994, at 3:00 PM, at 233 Voluntários da Pátria Street, 8th floor, Curitiba - PR.

The Bidding will be ruled by: Law no. 8668, dated June 21, 1993; resolution set forth by State Decree no. 700, dated September 9, 1991; IDB bidding procedure and by further conditions herein stated and also in the Contract Documents.



## NEWS: INTERNATIONAL

Software company accused of trying to limit competitive activities of rivals

## Microsoft tries to defuse new row

By Louise Kehoe  
in San Francisco

Microsoft, the world's largest computer software company, which is being investigated by the anti-trust division of the US Justice Department, is attempting to blunt new industry charges that it tried to limit the competitive activities of other software developers.

Microsoft angered computer industry executives and drew renewed attention from the Justice Department last week, when it became known the company had asked at least three software companies - Borland International, Lotus Development and WordPerfect - to sign restrictive "non-disclosure agreements" (NDAs) if they got pre-release copies of a new version of Windows, Microsoft's personal computer operating system program.

Microsoft now says it "made a mistake" in demanding that the software companies agree not to allow some of their programmers to work on products that compete with Microsoft's Windows program for three years as a pre-condition to granting them early access to the new version.

Without such access, the software companies could not continue development of applications programs, such as word processing or data base programs, for a large portion of the personal computer market. Microsoft's Windows is installed in virtually all PCs except those from Apple Computer.

NDAs are widely used in the computer industry to protect confidential technology, before general commercial release. But the new Microsoft agreements contain unusual terms,

software industry lawyers said. They require, for example, that programmers - all of whom must be individually approved by Microsoft - obtain Microsoft's written permission to work on programs designed for other operating systems, including the products of Novell, Microsoft's largest competitor in the PC software market.

Microsoft specifies that the programmers should not be allowed to participate in the "design and/or development, feedback, or guidance of a company product that is competitive with [Windows]".

Identified in the text of the agreement as one such competing technology is OpenDoc, a standard that is being developed by Apple Computer, WordPerfect, Novell, Borland, IBM and others to enable programs from all developers to work together more efficiently.

Microsoft is not part of this industry group.

This restriction would preclude collaboration among the supporters of OpenDoc, said the legal counsel of one of the software companies in the group, thus preventing the development of a (non-Microsoft) competing industry standard.

After receiving a complaint from WordPerfect, Microsoft agreed on Friday to remove references to OpenDoc from the NDA. Microsoft also said that it would drop the three-year time commitment in agreements with WordPerfect and others.

"We want to assure our customers and the software industry that our objective is to make Chicago [code-name for the new version of Windows] and all our operating systems compatible and open, and we

will respond constructively to any concerns raised," said Mr Paul Maritz, senior vice president.

Nonetheless, Microsoft has "provided the Justice Department with further evidence for potential charges that Microsoft is discriminating against some companies in the access that it provides to an essential facility," said Ms Wendy Goldman Rohm, author of a forthcoming book on Microsoft's antitrust struggles.

Under US anti-trust laws, an "essential facility" is something that the market needs and cannot duplicate. "Microsoft is clearly discriminating against companies that may be in a position to create an alternative software standard, thus ensuring that Microsoft standards will be the ones adopted by this industry," said Ms Rohm.

## Russia external needs this year put at \$34bn

By Peter Norman  
in Washington

Russia will need \$34bn in external finance this year in addition to the \$1.5bn loan approved last week by the International Monetary Fund, according to confidential IMF estimates. The estimates, prepared in the course of negotiating the IMF loan, anticipate that debt relief from all Russia's creditors would provide some \$36bn, by far the biggest share of the total financing requirement.

However, the Fund envisages Russia will also obtain additional loans totalling \$5bn from bilateral creditors and grants of more than \$2bn. Russia can also look forward to credits from the World Bank and the European Bank for Reconstruction and Development.

The IMF expects Russia will be able to increase its foreign currency reserves this year after boosting them by more than \$3bn last year. However, success would be dependent on preventing large scale capital flight from Russia.



At a meeting with journalists yesterday, Mr John Odling-Smee, the IMF director in charge of Russia and the other former Soviet republics, said capital flight was reversed in the middle of last year after the Russian authorities tightened their monetary policy. The IMF tentatively estimates that capital flight last year may have declined to \$8bn, down from \$13bn in 1992. Although officials stressed that the statistical basis for such estimates was far from perfect, the \$1.5bn loan approved last week is conditional on a stringent economic policy programme agreed between the IMF and the Russian government. The programme, the third such pact, was preceded by two other programmes. Yesterday Mr Ernesto Hernandez-Cata, Mr Odling-Smee's

deputy, admitted that Russia's performance in both previous programmes was "not impeccable". However progress had been made and this, together with assurances from the present Russian government, helped the IMF to make the latest agreement.

Mr Hernandez-Cata, who played a leading role in negotiating the IMF loan, said Russia had been able to cut its budget deficit to 8 per cent last year from 18 per cent in 1992. Credit growth had also been curtailed to 850 per cent last year from 550 per cent the previous year.

The monthly rate of inflation had also come down from 20 per cent last year to a single digit level.

It was "too early to declare victory" in Russia, Mr Hernandez-Cata said. However, the Russian economy had reached the point of no return in its transition from communism to a market-based system. The latest IMF programme would achieve a good result if it was implemented. "It is now up to the Russians to see that that happens."

## Rwanda initiative collapses

Plans for peace talks to end civil war and tribal slaughter in Rwanda collapsed yesterday, Reuters reports.

A rebel leader said in Arusha, Tanzania, that he had no intention of talking to a Rwandan government delegation, which in any case failed to turn up in the town for talks. "I'm leaving for Nairobi," Rwanda Patriotic Front (RPF) secretary-general Theogene Rudasingwa told reporters, before walking out of the hotel where the talks were supposed to take place.

He said he came to Arusha only to brief Organisation of African Unity secretary-general Salim Ahmed Salim and Tanzanian officials on an RPF unilateral ceasefire from today.

Officials said Tanzanian Prime Minister John Mulecella tried in vain to persuade Mr Rudasingwa to stay and talk with the government delegation - whenever it managed to arrive.

The talks were called by Tanzania to end civil war and massacres that have occurred since Rwanda's President Juvenal Habyarimana was killed when his aircraft came down on April 6. The president of neighbouring Burundi died in the same crash.

The RPF strongly opposes the government set up by members of Gen Habyarimana's political party and blames it for the killing of thousands in tribal fighting that followed his death.

Human rights workers estimate 100,000 people have been killed and 2m displaced this month - most of them opposition party supporters and members of Rwanda's minority Tutsi clan.



Mr Victor Chernomyrdin, the Russian prime minister, greeting Mr Yitzhak Rabin yesterday. The Israeli prime minister was starting a four-day visit to Moscow during which he will meet President Boris Yeltsin.

## Last week of Middle East talks

By Julian Ozanne in Jerusalem

Israel and the Palestinian Liberation Organisation yesterday began what both sides hope will be a last week of talks in Cairo before the long-awaited signing of an agreement on Palestinian self-rule in the occupied Gaza Strip and West Bank town of Jericho.

The two sides said over the weekend they aimed to wind up detailed negotiations this week preparing for a Cairo summit next week between Mr Yitzhak Rabin, Israeli prime minister, and Mr Yasser Arafat, PLO chairman, to be followed

directly by a signing ceremony. Mr Shimon Peres, Israeli foreign minister, is expected to fly to Cairo on Thursday to meet Mr Arafat to make the final arrangements for the Rabin-Arafat summit.

Mr Shimon Shetreet, Israeli economics minister, said yesterday: "We are beginning discussions today for a possible meeting on Thursday between Peres and Arafat, hoping that the signature of the agreement will take place on the 3rd, 4th or 5th of May."

However, obstacles remain to be resolved in talks this week, including the extent of

jurisdiction of Palestinian courts over foreigners and Israelis in Gaza-Jericho; the security zoning arrangements in the Gaza Strip; passports and whether the Palestinians will have their own currency.

If these issues are successfully negotiated this week the way will be cleared for the Rabin-Arafat summit where both leaders will have to overcome further outstanding issues such as the final size of the Jericho enclave and deployment of Palestinian police on border crossings.

"The economic track of peace talks in Paris must also break

the deadlock over migrant labour and the kind of trade regime the self-governed Palestinian economy would adopt.

Although the agenda appears lengthy and complicated both sides realise further delays in signing an agreement could fuel Arab-Israeli violence and play into the hands of extremists on both sides who oppose the peace process.

Ministers said Mr Peres, who met a troubled and suspicious Mr Arafat in Bucharest last week, yesterday warned Mr Rabin the deal must be signed soon or "perhaps the whole thing won't come to pass".

## Ecology worry is dismissed

By Bronwen Maddox,  
Environment Correspondent

High environmental standards do not damage a country's international competitiveness, according to a new working paper from a senior World Bank economist.

Demand for countries with high environmental standards for trade protection against countries with lower standards are misguided, it argues.

Industries which are subject to tight environmental rules - particularly the chemical, energy and paper sectors in Europe and North America - have been concerned that they will be undercut by competitors in other countries.

But developing countries have frequently seen these fears as disguised protectionism.

This month's meeting in Marrakesh to sign the accords in the Uruguay Round of the General Agreement on Tariffs and Trade set up a committee to examine these potential conflicts.

The World Bank's policy research paper, by Ms Phyllis Kaimowitz, compares performance of sectors which are subject to tight environmental regulation in seven countries: Austria, Finland, Norway, Sweden, Germany, Japan and the US. The countries were chosen because they aim for high environmental standards, she says.

The study, which does not

represent the views of the bank, concludes that the industrial sectors which spend most on pollution control generally maintained their international competitiveness between 1970 and 1990.

World market shares in these sectors have not changed dramatically over the past two decades, despite introduction of higher environmental standards in most industrial countries, it adds.

Of the seven countries, Austria and Finland have increased their world market shares in these highly regulated sectors. The report attributes this partly to environmental policies which have encouraged investment and innovation.

While Germany, Sweden and the US maintained the competitiveness of these industries, Japan "has opted out of trade in many environmentally sensitive goods" and its market share has halved, the report concludes. It attributes the loss of share partly to high energy costs in Japan, particularly in the 1970s, rather than to environmental costs.

The study comments that environmental spending is generally a small share of total industrial spending and therefore unlikely on its own to affect international competitiveness greatly.

Comparative and Environmental Standards, working paper 1240, The World Bank, International Economics Dept., 1818 H Street NW, Washington DC 20036, Price \$7-00.

## Sentiment grows for SDR hike

By George Graham  
in Washington

Finance ministers from the industrialised countries are showing a greater willingness to listen to the International Monetary Fund's ideas for expanding the level of currency reserves.

Yesterday's meeting of finance ministers from the Group of Seven leading industrialised countries was expected once again to rebuff the IMF's requests for a new issue of special drawing rights, the basket of currencies which the Fund uses as its own accounting unit and which serves as a reserve asset.

Nevertheless, officials indicated they were sympathetic to the shortage of international reserves experienced notably by the countries of eastern Europe and the former Soviet Union, which were not members of the IMF the last time new SDRs were issued.

A G7 official said other ideas could involve changing IMF's limits for access to loans by borrowing countries, calculated as a percentage of each country's stake in the Fund. Russia strongly supports the allocation proposal, which officials say should amount to SDRs160m (\$24.4bn) in a first tranche, followed by four annual issues of SDRs100m.

Germany, along with the US and UK, opposes new SDRs which it fears could spur global inflation.

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FINANCIAL TIMES

## Four Algerian rebels killed in police sweep

Algerian security forces said yesterday they had killed four Islamic militants during a two-day sweep of Moslem fundamentalist strongholds, according to the official Algerian APS news agency, Reuters reports from Tunis.

APS said soldiers also arrested 61 people suspected of belonging to or supporting armed Islamic groups.

Algerian Radio said a large cement factory, which was badly damaged by two bombs on Friday, would be out of

commission for three months. It said 10 Islamic militants were involved in the attack on the plant at Mettah, 12 miles south-east of Algiers.

The army-backed Algerian authorities have blamed Islamic militants, battling to set up an Islamic state in the North African country, for various acts of sabotage of economic installations since 1992.

The latest deaths bring to around 500 the number of Islamists reported killed in Algeria since March.

## Complaints panel set up

By Peter Norman

The World Bank moved to fend off criticism of its operations by appointing a three-man independent inspection panel to receive and investigate any complaints that the bank has failed to follow its procedures and policies in projects that it supports.

The panel - described by World Bank president, Mr Lewis Preston, as providing "a safety net in exceptional cases where standards are not met" - will be chaired by Mr Ernst Günther Bröder, a German and

former president of the European Investment Bank. The other members will be Mr Alvaro Umaña Quesada, a former minister of natural resources in Costa Rica and Mr Richard Eiter Bissell, who was an official with the US agency for international development.

The three have been appointed for five, four and three years respectively.

The bank said the panel complements its existing quality control systems in project preparation and is part of its policy of improving accountability and openness.

An investigation by the panel must be requested by people adversely affected by a bank project and approved by the bank's executive board. The bank will publish reports by the panel and the bank's response to them.

The World Bank is the first multilateral development bank to set up such a panel. The move follows criticism that some bank-financed projects have been harmful to the environment and the indigenous peoples of the countries in which they have been carried out.

## Brazil eyes the satellite launch market

Angus Foster visits a rocket site being built with modest hopes for business

Hidden from the view of tourists visiting the crumbling colonial ruins of Alcântara, on Brazil's north-eastern coast, is a gleaming high-way complete with drainage ditches and bright white lines. The road, incongruous in a region better known for poverty and backwardness, leads through a tightly manned security post to a testing ground for the country's high technology capacity - a satellite launching site.

Brazil hopes to complete the site by the end of next year, in time for the launch of the country's first domestically developed rocket, known as the VLS. If successful, Alcântara's services will be marketed abroad.

Brazil hopes it will become a cheap and easy alternative to better known launch sites, such as Kourou in French Guiana, used for the European Ariane rocket.

However, the country has cancelled some of the more ambitious of its space plans since the project was launched by the military government in the early 1970s. The country is now stressing that its programme is "modest" in scale and non-military in character.

The February decision to merge its satellite and rocket research under a new Brazilian Space Agency (AEB), linked directly to the office of the civilian president, was partly designed to reduce the military's visibility and gain access to much needed foreign technology.

The Alcântara base, which is key to the programme, has been held up by funding problems because of the central government's economic problems. The base has received only \$135m of its planned budget of \$380m. According to base commander Colonel Lauande the launch site is now 85 per cent complete but the satellite control centre still requires a lot of work. "To complete the launch of the VLS we need \$40m," he said.

According to the Brazilians, Alcântara will be the most economical launch site in the world for certain types of satellites. Its proximity to the equator means satellites can be put into orbit using less fuel. Brazil hopes a satellite launched with a rocket like the European Ariane would use 8.5 tonnes less fuel from Alcântara compared with Cape Canaveral in the US.

This would make the launch much cheaper or allow heavier satellites to be launched. Brazil says Alcântara will be cheaper than the nearby site of Kourou, which is slightly further from the equator. According to private analysts, it is impossible to guess at Alcântara's launch costs before it is fully operational. But they admit it is a perfect site.

Brazil hopes to offer the base to other countries for launch services. So far, Russian officials and a private US company have expressed interest. The Japanese Space Agency also visited the site last month.

The programme's final goal is to put a satellite into space using an Alcântara-designed rocket. The VLS, a 19-metre launch rocket being developed near São Paulo and based on Brazilian technology, has been delayed by technical and financial difficulties. Private sector analysts warn that the rocket may still be some way from launch.

If there is a further delay with the VLS, next year's planned launch of Brazil's second meteorological satellite will

have to be carried out with a foreign rocket from an overseas site.

Brazil is also looking for foreign partners for its programme, partly because of spending constraints and partly to share technology. Last year the country formalised a 1988 joint venture agreement with China to develop two satellites due for launch in 1996 and 1998. China, which also has an ambitious space programme, will hold 70 per cent of the \$150m venture, and Brazil the remainder.

The satellites are designed to photograph the earth and monitor atmospheric pollution and forest reserves. Brazil's space programme this month received welcome support from an unlikely quarter. Mr Luiz Inácio Lula da Silva, the left-wing frontrunner in polls for October's presidential elections, said during a visit to Alcântara that he would support the base because of its technological importance.

Mr da Silva's Workers' party, which is deeply mistrusted by the country's former military rulers, was probably sending a message to the generals that key - and favourite - projects would be left untouched if it wins power.

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# Career to inspire both respect and unpopularity

**R**ichard Nixon, who died on Friday night, was the only US president forced to resign. To the end of his days he knew this single fact would be the outstanding feature of any account of his life. In consequence he spent the years after he left the White House in disgrace on August 9, 1974 in a protracted effort to rehabilitate his reputation. His purpose was to regain what political influence he could as an elder statesman.

In this he was remarkably successful. Ruthless, and widely hated for it, he was nevertheless respected during much of his career, and most of all as he neared the end of his life. A genuine expert in foreign affairs, he was consulted by most of his successors at times of difficulty. He excelled in the nuances of cold war policy, his messy and bloody withdrawal of the US from the Vietnam war was perhaps the best that could be expected of a man of his character. The mood of Congress and the people at the time gave him little leeway.

He became the world's most celebrated anti-communist, at a time when such a stance was not universally popular

A man who became accustomed to seeing his life as a struggle against opposing forces, and whose political career was haunted by fear of failure, Richard Milhous Nixon was born of poor parents in Yorba Linda, California, and educated himself as a lawyer against considerable material odds. His political career began in 1946 when he unexpectedly carried California's 12th Congressional District for the Republicans, after accusing the Democrats of being soft on communism. It was a foretaste of the bitter campaign he was to pursue against Alger Hiss, a former State Department official under investigation by the Un-American Activities Committee, which first brought him national fame. To the end of his life, Nixon believed it was his handling of the Hiss case that first set the liberal establishment, and above all the media, against him. In his book, *Six Crises*, he spoke of "a residue of hatred and hostility towards me... which remains even to this day." Those words must have haunted him years later as the Washington Post and the New York Times relentlessly pursued their investigations of the Watergate break-in.

In 1960, Nixon won a Senate seat in California after what many observers called "the dirtiest campaign on record". Again, he accused his opponent of being a semi-communist. Two years later, he was selected by Gen Dwight Eisenhower to be his vice-presidential running mate. As a campaigning style, he said, "you take the low road, and I'll take the high road". Nixon knew well how to fight low. Accused of personal misuse of campaign funds, he went on television, capturing an audience of 58m, the biggest yet of any broadcast. He denied the accusations, but admitted one gift,

which he would not return. It was "a little cocker spaniel dog" that "our little girl - Tricia - the six-year-old - named... Checkers." This shameless appeal to emotion worked well. Messages to the Republican National Committee ran 350 to 1 in Nixon's favour.

He used his eight years as vice-president, and president of the Senate, to good advantage. By 1960 he was as knowledgeable about the details of US politics as that other great product of the upper house, Lyndon Johnson. He became familiar with every twist of policy, especially foreign affairs, an understanding of which he enhanced in close conversations with John Foster Dulles, and through constant trips abroad.

He became the world's most celebrated anti-communist, at a time when such a stance was not universally popular. Overseas, his undoubted knowledge of events in most areas of the globe was a characteristic to be respected. In domestic political infighting, his chicanery with statistics, his sly innuendo, cynicism, and hypocrisy made him the most hated politician in America. Yet his solid conservatism, untainted by racial or religious bigotry, laid the foundations for his later capture of a large and respectable national constituency.

In 1960, having served as Ike's loyal apprentice, he campaigned for the presidency, without his master's visible support, against John F. Kennedy. He lost by a whisker. His supporters will never cease to debate whether less questionable counting techniques in Texas and Illinois might have produced a different result, but Nixon had the sense to resist a prolonged period of inquiry and recrimination. Just 47 years old, his life then entered a dark phase, from which many believed it would never recover. His fortunes seemed to reach their nadir in 1962 when he failed to capture the Californian governorship, and his much vaunted political comeback collapsed in ruins. He had taken a beating from the media ever since the Hiss case 16 years earlier, now he allowed his feelings to tumble out. "You won't have Dick Nixon to kick around any more," he told reporters, "because, gentlemen, this is my last press conference..."

Nixon joined the prestigious New York law firm of Mudge, Stern, Baldwin and Todd, where he made money, regained his self-confidence and kept his name before the public with a series of "business trips" around the world. He stayed close to his family; there is no evidence of any scandal in his private life. He travelled widely in the US and campaigned actively for Senator Barry Goldwater in the 1964 presidential election.

He continued to work hard for the Republicans in 1966, and in 1968, calling in his accumulated IOUs, he was nominated for the presidency. He had thus outlived his reputation as a loser, partly by beating Governor Romney of Michigan and Governor Rockefeller of New York in the primaries. President Johnson, battered by anti-war protests, announced that he would not run again. Later that year, Nixon won by a narrow margin, causing him to remark ruefully to his defeated opponent, Hubert Humphrey, that he knew how it felt. So began the most controversial presidency of American history. He took over at a time of social discontent and frustration with the unpopular

war in Vietnam. He succeeded in calming cities and universities, and extracting the country from south-east Asia on terms that did not send it pitching headlong into isolationism as many had predicted. Instead, with the aid of his talented adviser, Dr Henry Kissinger, he tried to set foreign policy on a new course, seeking better relations with Russia and China and a sounder world economic system.

In time, these accomplishments may appear as a turning point, one that only a Republican with the stealth and intelligence to steal the opposition's clothing could have taken. At home, his accent on self-help and doubts about the high-sounding social programmes of President Johnson were not challenged by his successors. If it was hard to defeat the populist Hubert Humphrey in 1968, victory over the amateurish radicalism of Senator George McGovern, his Democratic opponent for the presidency in 1972, was comparatively easy. Nixon's electoral margin in 1972 was overwhelming.

Almost immediately, everything went sour. As the Water

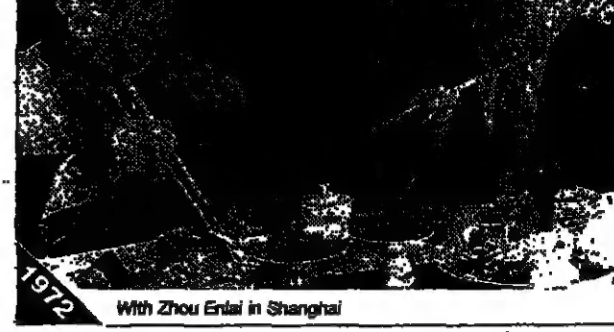
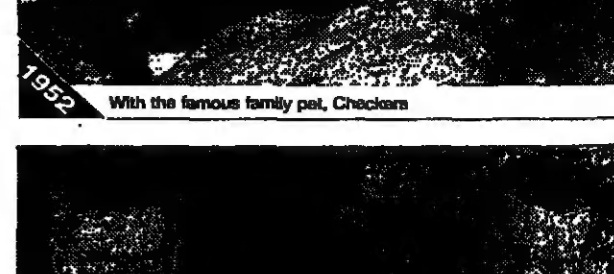
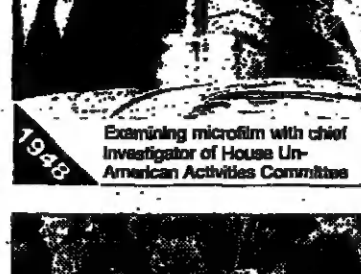
gate scandal unfolded, doubts that had been murmured in the past began to be shouted out loud. Long-standing suspicions about his personal integrity were discovered to have a foundation in fact as the full details of his financial dealings were revealed. His reputation for unscrupulousness was confirmed by talks of "dirty tricks" and the activities of the White House "plumbers".

When such disclosures were combined with his increasingly unconvincing efforts to vindicate himself, Richard Nixon was transformed in the public eye from a respected, if unpopular, leader, to one who seemed to have violated the confidence of the people and the standards of his office on a scale unparalleled in American history. (The vanity of Kennedy and Johnson, who preceded him, was as yet unrevealed.) The final straw came when Nixon was forced to admit that he had lied continuously for two years. He had no alternative but to resign. President Gerald R. Ford, who took over the White House, brought an end to legal proceedings by pardoning him.

More than two decades of efforts to rebuild his reputation followed. He travelled, wrote books, confessed error before the entire world, through a televised interview with David Frost. He came to be seen as history may regard him - unscrupulous, yes, but tough, decisive, disciplined, daring, evidently indestructible. He was, as all successful politicians must be, a consummate actor, untrusting and not to be trusted, but also highly intelligent. His self-set goal was peace through a balance of power or, better, containment of communism. Tricky Dicky may have been in life, he is perhaps, better remembered as Richard the Resurgent.

Joe Rogaly

## Richard Nixon: communist-hunter, president, outcast, elder statesman



1942: Born January 9, Yorba Linda, California. Works from age 10 to help support family and finance education.

1948-51: Whittier College, California, and Duke University Law School, North Carolina.

1952-55: Practices law in Whittier.

1952-55: Active service with US Navy.

1956: Elected to first of two terms in House of Representatives from California's 12th district. Accused incidentally of being soft on communism, a forerunner of pursuit of Alger Hiss, former state department official under investigation by the House Un-American Activities Committee.

1956: Elected as a US Senator from California after one of the dirtiest campaigns fought in US. Accused opponent of being a near-communist.

1952-55: Serves as vice-president under Eisenhower. In 1952 campaign, his sick "You talk the low road and I'll take the high road." Accused of being backed by racist "kluks" funded by rich supporters. Made "Checkers speech", using his daughter's cocker spaniel to appeal successfully to TV audience.

1956-60: Well-versed in international affairs after turns as vice-president, runs for president against Kennedy. Despite losing the election campaign with a big lead, he loses, albeit by a whisker.

1960-68: Practices law in Los Angeles and New York, while retaining high profile in Republican party.

1968: Loses election for governorship of California. "You won't have Nixon to kick around... because, gentlemen, this is my last press conference."

1968-72: Works hard for Republicans, campaigning actively for Goldwater in 1964 presidential election.

1968: Calls in political IOUs and runs again for presidency, narrowly defeating Humphrey.

1968-72: President. Negotiates withdrawal from Vietnam.

1972-74: Re-elected by overwhelming majority over McGovern. Makes historic visit to China. Becomes entangled in Watergate scandals. Mishandles affair, especially the tape-recordings of his private White House conversations.

1974: Resigns rather than face impeachment. Receives unconditional pardon from successor, President Ford.

1975-1994: Slow, steady rehabilitation. Writes books. Wins sympathy by apologising for Watergate affair. Keeps travelling, writing, speaking. Dies as an elder statesman.

# Bitter harvest from seeds of mistrust

Watergate brought out the best in the US system, demonstrating that the president was not above the law, writes Jurek Martin

Richard Nixon's legacy still lives in the great Washington institutions of politics, press and judiciary, all of which were instrumental in his downfall.

It is, on balance, not beneficial. Whereas Watergate itself brought out the best in the open American system, not least by demonstrating that no man, not even a president, was above the law, it also sowed seeds of mistrust which have produced some bitter harvests. The practice of politics is now less than ever an honourable and respected profession. Recollections there always have been, but Mr Nixon's breach of faith with his country was of a magnitude that reinforced the impression politicians are in the game not for the public good but for private or ulterior motives.

Good people are now deterred from serving by the amount of scrutiny to which they will be subject. Those who have served, like the famous "class of '74" which swept into Congress in the first post-Watergate election intent on reform, have departed, disillusioned and cynical. The quality of the US Congress is not high at present.

Scandal, real and imagined, over- and underblown, has been the leitmotif of the last 20 years, often with the suffix "gate" appended (Irangate, Iraqgate, Koreagate, Travelgate, Nannygate).

Private peccadilloes - with much less public import than John Tower's drinking or Gary Hart's womanising - routinely lead the news.

Watergate might have instilled a higher respect for the law in public officials, but too often has not. In Iran-Contra, Oliver North had no compunctions in deliberately circumventing an Act of Congress prohibiting aid to the Nicaraguan rebels. He got away with it, albeit

on a legal technicality, and is now running for the Senate from Virginia.

Watergate cauterised the media. This was a real scandal unearthed by a handful of investigative young journalists, led by Woodward and Bernstein of the Washington

Post. It is the beacon guiding the successor generation of reporters towards their Pulitzer prizes. But for each revelatory success there have been huge misses, not least the savings and loan debacle of the 1980s, a wholesale and then mostly unnoticed looting of the public purse, and the early stages of the BCCI scandal in Atlanta, broken, as much as anywhere, in this newspaper.

Knowledge of these omissions has spurred the press further, now into the darker woods of Arkansas. Watergate featured meticulous triple-sourced reporting with editing to match, while today too much journalism constitutes the printing of any charge or rumour as equivalent to fact.

No individual has suffered more from this over the last year than poor Cardinal Bernardin from Chicago, pilloried by CNN among others over always suspect accusations of sexual molestation. The allegations have now been completely withdrawn.

There was a concrete objectivity to the "high crimes and misdemeanours" of the impeachment facing Mr Nixon. Today's standards of wrongdoing are far more dubiously subjective, best described in

Speaker Tom Foley's words as "the appearance of the appearance of impropriety".

Any contact between the White House and other departments under Whitewater comes into this category and is reported with much innuendo and rush to judgment.

Politicians, now too easily willing to settle scores dating back to Watergate, slaver at the scent of scandal, sometimes with gross hypocrisy. Nothing offends more than the sight of Senator Al D'Amato of New York, himself no stranger to controversy, taking the high moral road over Whitewater.

At least Sam Ervin of the Watergate committee had no comparable skeletons in his closet. Washington occasionally reflects on what Richard Nixon did right, in foreign and domestic policy, and even inadvertently, in appointing a justice such as Harry Blackmun to the Supreme Court.

But what he really left behind was a perverse vacuum. Lacking him to kick around, the capital now goes after everyone else in sight.

Washington occasionally reflects on what Richard Nixon did right, in foreign and domestic policy, and even inadvertently, in appointing a justice such as Harry Blackmun to the Supreme Court.

But what he really left behind was a perverse vacuum. Lacking him to kick around, the capital now goes after everyone else in sight.

## Government to close for day of funeral in California US day of mourning declared

By George Graham in Washington

The US government will close on Wednesday for a "national day of mourning" for former President Richard Nixon.

Mr Nixon will be buried on Wednesday afternoon in Yorba Linda, California, his birthplace and the site of the Nixon memorial library. President Clinton who will attend the funeral - along with former presidents Gerald Ford, Jimmy Carter, Ronald Reagan and George Bush - plans to deliver a eulogy. The Reverend Billy Graham, the evangelical preacher who was a close friend and adviser to Mr Nixon, will preside over the ceremony. As flags lowered to half-mast across the US, Mr Nixon's com-

patriots wrestled uncomfortably with memories of a man who had inspired not only respect for his political skills and foreign policy achievements, but also loathing for his manipulation of anti-communist fears and for the abuse of executive power that led to his resignation from the presidency in 1974.

"He suffered defeats that would have ended most political careers, yet he won stunning victories that many of the world's most popular leaders have failed to attain," Mr Clinton said in an official proclamation on Mr Nixon's death. Mr Clinton thanked Mr Nixon "for his wise counsel on so many occasions on many issues," and described his recent books as presenting "a cogent picture of emerging

global politics that will serve as a guide for policy makers for years to come".

But Mr Nixon's literary testament, to be published next month under the title *Beyond Peace*, is highly critical of Mr Clinton's administration, in both in foreign policy and in domestic affairs.

Excerpts from the book published in *Time* magazine described the US involvement in Somalia as "a lesson in how not to conduct foreign policy". "What began as a highly popular humanitarian relief program under President Bush became a highly controversial UN nation building project under President Clinton," Mr Nixon wrote.

Mr Nixon also denigrated his successor's healthcare reform plan. If enacted, he wrote, it

would be "less a prescription for better healthcare than a blueprint for the takeover by the federal government of one seventh of the nation's economy".

Funeral arrangements for the former president are a much less controversial matter today than they were in 1974, when Mr Nixon fell ill shortly after resigning his office. Congressional leaders at the time feared an unseemly row over the extent to which state honours should be accorded to the disgraced politician.

Twenty years on, the Congressional leadership had already begun to make arrangements for a lying in state under the Capitol dome, but Mr Nixon's own wish for a more private ceremony in Yorba Linda prevailed.

## Warm praise for bold foreign policy moves offered from world leaders

World leaders praised Richard Nixon at the weekend for his bold foreign policy moves, with some of America's Cold War enemies most warm in their praise, AP and Reuters report.

China's Communist leaders hailed Nixon as a man of "strategic foresight and political courage" in messages of condolences. Chinese President Jiang Zemin and Premier Li Peng praised Mr Nixon for his 1972 breakthrough visit to Beijing that began rapprochement between China and the US and for his efforts to improve relations even after he resigned. His last visit was in April 1983.

Mr Nixon also was warmly remembered in Russia. President Boris Yeltsin said he was "one of the first major world politicians who have under-

stood Russia and understood what it was fighting for".

Mr Yeltsin had refused to meet Mr Nixon during his 10-day trip to Russia last month because the former president had met with some of Yeltsin's political opponents. But Mr Nixon is credited with establishing the policy of détente toward the Soviet Union during his presidency and, in recent years, with pushing for US aid for Russia.

Even India, whose relations with the US reached an all-time low during Mr Nixon's administration, commended the former president for taking bold steps in international affairs.

"Although President Nixon's term was marked by a certain controversy, he was well

known in international affairs as having been courageous enough to take bold steps such as normalisation of relations with China and steps towards East-West détente," Foreign Ministry spokesman Shiv Shankar Mukherjee said.

Israeli Prime Minister Yitzhak Rabin, who was ambassador to the US during Mr Nixon's presidency, praised his support of Israel in the 1973 Yom Kippur War "in the face of the opposition of most of the world".

"I am convinced that history will recall the great role he played on the international scene," French President Francois Mitterrand said in extending condolences to his family. Mr Boutros Boutros Ghali, secretary-general of the United

Nations, extending his condolences, called Mr Nixon's impact in international affairs "especially significant".

Sir Edward Heath, who was Britain's prime minister in 1970-74, hailed Mr Nixon's diplomatic skills. "He discussed policies with all those likely to be affected and took into account their views. One never felt one had been stamped on or ignored," he told BBC radio. But Hanoi - where northern Vietnamese remember Mr Nixon as the man whose bombers pounded them in 1972 during the Vietnam War - officially closed its account with Mr Nixon with a terse five-word statement.

"May he rest in peace," a Foreign Ministry spokesman said.







# What do these companies have in common?

***Chugoku Electric Power Co., Inc.***

***Hitachi, Ltd.***

***The Nikko Securities Co., Ltd.***

***Pioneer Electronic Corporation***

***Shiseido Co., Ltd.***

***The Bank of Tokyo, Ltd.***

***Toray Industries, Inc.***

**They are all members of the FT Japan Club. If you wish to receive the annual reports of these companies, please ring +44-81-643 7181 or fax +44-81-770 3822.**

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# THE BUSINESS OF CHANGE

## HOW INTERNATIONAL COMPANIES ARE HELPING EASTERN EUROPE TO ADAPT TO THE FREE MARKET

THE PRINCE OF WALES  
BUSINESS LEADERS  
FORUM

After half a decade of unprecedented economic and social change in Central and Eastern Europe remains a region of diversity, opportunity and challenge for international companies. The opportunities are underlined by a recent survey of top European business leaders in anticipated overseas investment - 73% of those questioned expected to increase investment in the region, putting it narrowly behind Asia as a leading investment destination.

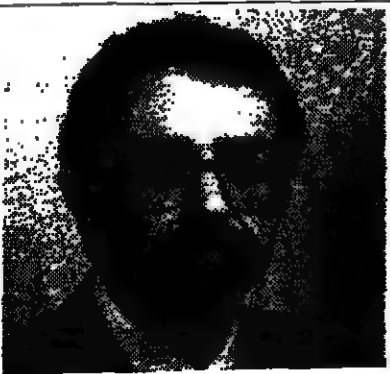
The phenomenal pace of privatisation and - in theory - the liberation of 100 million potential consumers, a well-educated, competitively waged and technically skilled workforce, and the supply of cheap natural resources underline the opportunities for business.

But scepticism about the market economy and the aims of international investors is growing, and the political instability that may lead to cannot be brushed aside. For example, a recent survey by the Polish Academy of Sciences found that 48% of Poles believed that economic transformation had left them "at a loss" or narrowed their opportunities.

### SCPTICISM ABOUT MARKET ECONOMY

The abolition of the old Communist structures and the large scale privatisation and restructuring programmes are only part of the story. There is a growing need to develop modern market economies by investments in people and by encouraging the emergence of a thriving enterprise culture and an ethical business framework. The losers, not just the winners, are increasingly voicing need to reform in the economic reform.

An increasing number of international investors, with a view to being in the region for the long term, are developing a "corporate citizenship" approach to doing business in Eastern Europe. This helps to establish their credentials as well as their brands and to cement stakeholder relations and create sustainable goodwill against a background of often impossibly high expectations.



Mr Percy Barnevik  
President & Executive Chairman  
ABB Asea Brown Boveri Ltd.

International companies like ABB, Brown Boveri, at the forefront of investment opportunities in the region, are sensitive to the need for companies to develop their role as corporate citizens in the region's emerging markets. ABB's chief executive, Percy Barnevik, recently commented: "It is difficult for Western Europeans to comprehend the magnitude of economic and social change which is taking place in Eastern Europe. The more quickly and more strongly we from the West commit ourselves to assisting this transition, the greater will be the economic opportunities..."

### AMERICAN, EUROPEAN, ASIAN FIRMS WORKING FOR CHANGE

Other leading international companies operating and selling in the region - such as United Biscuits, BP, Grand Metropolitan, Cable & Wireless, American Express - are testimony to the growing business amongst international companies that the region has to offer, private enterprise and the advantages of the region and its citizens in return. This has led to many companies developing strategies that actively support mainstream commercial investments with infrastructural and social investments.

The key trend which links many of these "corporate citizens" is a strategy based on enhancing their role in emerging markets, and in traditional corporate philanthropy or altruism.

The stakes for international companies operating in the region are high. Big business - both international and local - needs to prove to the region's increasingly sceptical citizens that the market can work for everyone, not just an emerging elite. Many must be convinced that capitalism can be responsible, and that business can be both ethical and successful. It could just be that the new corporate citizens are not just benefiting themselves, but the wider interests of international business and global enterprise.

### SHELL HUNGARY LAUNCHES YOUTH ENTERPRISE INITIATIVE PIONEERED IN UK

Youth employment, long a familiar problem in the UK and US, is a recent but growing concern for Central & Eastern Europe. Just as in inner-city London or Los Angeles, self-employment schemes are now being seen as a real solution in countries like Hungary.

Inspired by Shell UK's successful Liveness scheme, which aims to help young people into self employment, Shell Hungary has launched the Eitelpalya project in partnership with Hungarian youth projects organisation the Millennium Foundation. Each committed 5 million Hft (about £33,800) to cover costs for the first year of operation. Shell also provides office space and a second manager to run the project.

Focussing on enterprise opportunities for 18-30 year olds, Eitelpalya aims to promote business values amongst the young, helps them with business plans and to set up and run their own businesses. Shell Hungary and other participating companies and organisations encourage managerial staff to act as mentors to young entrepreneurs - employee volunteering rather than cash donations is the key, and company benefits include personal development of the volunteer and enhanced corporate reputation.

Officially launched in mid-1993, and supported by a small-scale press and radio campaign and distributed through colleges and discos, 155 young people had registered with Eitelpalya by February this year with 39 young hopefuls now being partnered by volunteer business advisers.

### MANAGING INDUSTRIAL CHANGE: HOW COMPANIES ARE DEALING WITH THE CHALLENGE OF INDUSTRIAL RESTRUCTURING IN EASTERN EUROPE



The pressures for industrial change are more intense and more complex in Central and Eastern Europe than anywhere else in the world. In the last four years, companies throughout the region have been seeking ways to rapidly change the entire structure of their operations and culture of their employees.

The large state firms of the planned economies are still in many cases struggling to survive by embarking on a variety of forms of industrial restructuring.

Restructuring and modernising outdated plants and factories often leads to the need to shed employees, causing unemployment in communities ill equipped to cope - particularly in the region's many one-company towns. Companies often find themselves in need of advice on how to minimise these problems. Strategies and management systems must be developed in plan for redundancies and minimise job losses and to support those who have been made redundant.

The following examples illustrate some of the different approaches that companies are taking to the challenge of restructuring:

ABB Elta, Poland; ABB approached the problem of training local managers in new methods of operation by using shadow management techniques - i.e. the Polish management was supported by a team of ABB managers with international experience.

ABB has also found successful restructuring on the provision of good management information to determine progress being made in profitability, customer service, quality, inventory, safety and the environment. It is an approach in management which demands the sweeping aside of the heavily demarcated business structures of the old regime.

Redundancies as a result of restructuring are coped with by ABB in a number of ways. The company offers career counselling and outplacement training and gives support in organisation in the community that focus on enterprise training and reskilling. But the key is really dialogue - dialogue between all parties affected by the consequences of restructuring, including former and current employees, the educational sector, regional development associations, central and local government and voluntary bodies. Because only with a concerted approach by all these groups does ABB believe it will be possible to offer real alternatives for the workers in the restructuring process.

Car Manufacturers: a wide range of car companies, such as Suzuki, GM, VW, Ford and Fiat have established joint ventures or

wholly-owned operations in Eastern and Central Europe. The pressure is on to secure components locally, making it important that investing companies build local suppliers in meeting the exacting quality and Just In Time inventory control standards demanded in the world market-place. In this way, local companies are finding they quickly learn and apply western management techniques.

### PRINCE CHARLES TO OPEN "SWORDS INTO PLOUGHSHARES" SMALL BUSINESS PROJECT IN HUNGARY.

### FORMER RED ARMY BARRACKS REOPENS AS ENTERPRISE CENTRE.

Large companies can play a powerful role in supporting new small business ventures, thereby creating a firmer foundation on which the economies of Eastern Europe can build. An excellent example of how business has helped in the development of a vibrant small business community is provided by the Keckskemet barracks project.



New small business entrepreneurs receive training and advice as part of the support programme offered by the Keckskemet barracks project.

Keckskemet lies at the heart of Bacs-Kiskun county, an agricultural area some 60 miles south of Budapest. Up to 1990, local industry was dominated by large state enterprises - fewer than 300 firms provided 70% of the county's total employment. As more and more of these large enterprises went bankrupt it became clear that future prosperity would depend by and large on a new generation of small business entrepreneurs.

Not far from the centre of Keckskemet lay a vacated army barracks, formerly occupied by Soviet officers, and a Communist Party training centre. It proved an ideal site for conversion into small business incubator units and a linked business training facility.

A new organisation, the British Hungarian Small Business Foundation, was set up to manage the project. It brought together the local authorities, the Business Leaders Forum and local business leaders. The British Government's Know-How Fund enabled UK consultants with experience of private/public partnerships to be appointed to supervise the conversion.

Part funding was provided by BP, Cable & Wireless and ARCO. The town labour centre and the British Hungarian Small Business Foundation jointly committed for one year to paying the salaries of staff employed at the incubator house, including a full time manager. After that, it is hoped the occupancy rate (80% of the capacity is already committed for occupancy) will be sufficiently high to make the centre self-financing.

The Keckskemet project demonstrates in a tangible way the value

of business contributing to the regeneration process. Scaling up that contribution by developing similar programmes of business support in other parts of the country, could play an important role in nurturing an even bigger pool of new young entrepreneurs.

This week the barracks will be officially opened by The Prince of Wales and Hungary's President Göncz. The Prince's Business Leaders Forum is the project as a model for similar initiatives in the region.

### GLOBAL BUSINESS, WITH A GLOBAL VIEW

A group of leading international CEOs from Europe, the US and Asia have come together to support an international organisation dedicated to promoting the business case for good corporate citizenship in the world's key emerging markets, as a natural part of successful business operations.

The Prince of Wales Business Leaders Forum was initiated by Prince Charles - a long time supporter of business involvement in the community - in February 1990. Since then, some of the key achievements of the Forum and its international members in Eastern Europe include:

### POLAND, HUNGARY, THE CZECH REPUBLIC AND SLOVAKIA

The Forum has established networks of over 90 international and local business leaders to take action to help regenerate communities through practical education, training, enterprise, urban regeneration and environment projects.

### ST PETERSBURG, RUSSIA

The Forum has mobilised a programme of international business assistance to support cultural and economic regeneration projects as a partnership with the City.

### THROUGHOUT EASTERN AND CENTRAL EUROPE

The Prince of Wales Business Leaders Forum has provided training for over 1,000 Eastern & Central European managers.

THE PRINCE OF WALES BUSINESS LEADERS FORUM WORKS WITH INTERNATIONAL BUSINESS ON CORPORATE CITIZENSHIP PROGRAMMES IN THE EMERGING MARKETS IN ASIA (INCLUDING VIETNAM, GREATER CHINA, INDIA), LATIN AMERICA (INCLUDING MEXICO, BRAZIL) AND SOUTHERN AFRICA AS WELL AS IN EUROPE AND THE CIS.



The Prince of Wales, under the watchful gaze of Karl Marx, talks responsible capitalism in Budapest, 1990.

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The case studies in this feature are drawn from a New Spirit of Enterprise, a new research study of community involvement by international companies in Eastern and Central Europe and Russia. The report, priced £15/£20, is available from:

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BUSINESS LEADERS  
FORUM



**Jan Leschly** tells **Daniel Green** of his plans for SmithKline Beecham in the changed climate for drugs companies

Driven by what Squibb chairman, Richard Furlaud, calls "superb leadership skills and creative approaches to new business opportunities", Leachly

■ ■ success of the first quarter of the year was really a flourish in the last quarter of Bauman's reign. The first three months under Leschly threaten to produce a less auspicious story.

He is far more sympathetic to the strategy followed by Merck, the biggest US drugs company, which last year bought drugs distributor Medco.

The emphasis on the US is nothing new for SB. Under US citizen Bauman SB became a London-based transatlantic company, that was particularly well-placed to find good US partners. Under Leschly, the Dane who speaks with an American accent, SB seems just as likely to buy its brains in the US.

But to be convincing, O'Connell might be required to display a higher profile than he has done as a director of Irish Telecommunications Investments, the treasury arm of the state-run telecommunications company Telecom Eireann. The utility has a £13bn debt and is not yet considered to be in a suitable financial condition to be privatised.

Hsu likens his task with **Hanson** to that of a corporate finance practitioner with a difference. "The [redacted] bank will spot the undervalued assets, package them and sell them on the market. But at

**Hans-Jörg Rodloff**, one of the dominant Euromarket bankers of the 1980s, is probably about to re-emerge in the City of London in an aggressive asset management role, writes Ian Rodger.

Rodloff, who ran Credit Suisse-First Boston in London for more than a decade, was unexpectedly kicked upstairs to CS Holding headquarters in Zurich a year ago. In February, he left the CS group "to pursue personal and family

So far, however, he has collected only Swiss jobs. Sanok, the Basle pharmaceuticals and chemicals group, has just nominated him to become its first non-Swiss board director.

And he has been named non-executive chairman of Bellevue Asset Management, an investment fund management spin-off from Bank am Bellevue, a newish Zurich brokerage house modelled on BZ Bank.

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صبرنا من الامل







Michael Skapinker asks whether frequent-flyer points should belong to the staff or the employer

Ministers and civil servants in the UK are banned from taking free private holidays using the air miles accumulated while travelling on official business.

Mr John Major, the prime minister, they could, however, use their air miles to fly free on official business. If flights are paid for out of public funds, it is the taxpayer who should benefit from any resulting perks.

Why should shareholders in private-sector companies be treated any differently? Why should employees who travel money keep frequent-flyer points for themselves?

Mr Paul Allan, chairman of the Guild of Business Travel Agents, says companies adopt this approach. Most allow employees to use their frequent-flyer points for their own trips. Many view the inconvenience of being away from home, and therefore entitled to use their frequent-flyer bonus, as a family holiday.

## A partiality for perks



You might expect the airlines to be on the side of Mr Major. The aim of frequent-flyer programmes is to encourage customer loyalty. As it is the airline which pays the air fare, it would apparently

in the airlines' interest that companies benefit from frequent-flyer points. Not necessarily, says one airline representative. If a company does not tell staff that

pick any carrier rather than another on the basis of its frequent-flyer scheme. "If a company does not tell staff that policy, frequent-flyer points really come from their own," he says. Even when a company does

have a definite policy, this often specifies that staff must travel on one of the airlines. An attractive frequent-flyer programme can help ensure that travellers stick to one at the expense of the other.

Mr Allan gives another reason why airlines believe the points should belong to the individual rather than the company. If the company puts all the accumulated points into a common pool, it is likely to use them when sending staff on trips. Individuals are likely to use their points. They might not accumulate enough points to use them around the world taking their holidays.

Mr Allan admits that business travel agents do not like frequent-flyer points, because they are not allowed to use them. In principle, his personal view is that whoever pays for the travel should receive the benefit.

If, as a traveller, this is you chomping on your airline cashew nuts, one of the following cases?

A colleague was recently waiting to board a flight from New York to London when the airline announced the aircraft was overbooked. If there were seven passengers willing to fly on another airline 1½ hours in cash.

My colleague was almost crushed in the stampede and in the

**Employees may pick a carrier on the basis of its frequent-flyer scheme**

no condition to ask the lucky whether they intended to pocket the points or hand it over to their companies.

So, the questions on travellers and their perks:

1. Who should benefit from frequent flyer programmes - business or their companies? 2. Who should receive cash compensation? 3. If your answers are 1 and 2 are different, why? Answers to me at the FT, fax 071-873 3196.

## Highland link by BA and Loganair

By James Buxton

Air travellers in the Highlands Islands of Scotland will notice changes from July 11. There will be fewer flights by British Airways' 64-seat ATP turbo-prop aircraft, and more by Loganair's Shorts 360s.

The white and red livery of Loganair's fleet will also gradually be repainted in BA colours, and the cabin will be BA uniforms.

The changes, which will mean a small increase in frequencies on routes but with smaller aircraft, are the consequence of Loganair becoming a franchisee of BA.

It will remain a separate company (and may also be bought by its management) from Airlines of Britain, owner of British Midland, but will operate services for BA as a franchisee. Loganair flights will use BA prefix codes and join BA's reservations system.

ATPs will stop serving

gow-Aberdeen, Glasgow-Belfast International, Glasgow-Inverness, Inverness-Kirkwall, Kirkwall-Sumburgh, Edinburgh-Aberdeen and Aberdeen-Inverness. Loganair's BA Express, using the 360s, will fly Glasgow-Belfast and Glasgow-Aberdeen, and will increase frequency on Glasgow-Inverness, Inverness-Kirkwall and Kirkwall-Sumburgh.

Neither company will fly Edinburgh-Aberdeen or Aberdeen-Inverness (though Air UK and British Air will fly the former, and British Air the latter).

BA will continue to fly to Benbecula and Stornoway in the Western Isles and to Orkney and Shetland, while BA Express will go on serving its many island destinations.

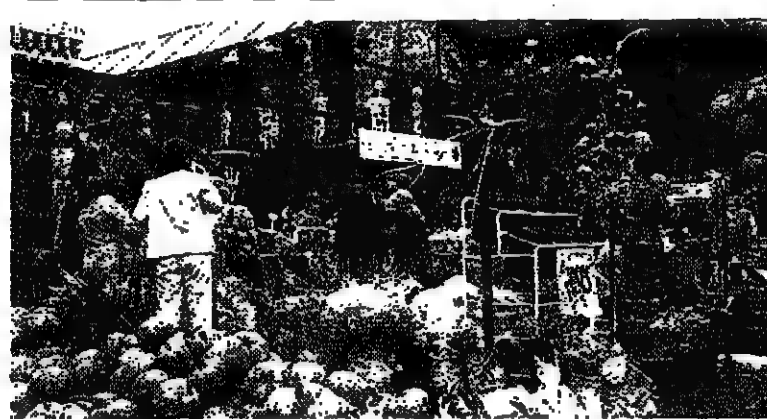
The arrangement safeguards Loganair as a business and prevents the thin routes, while enabling BA to give up loss-making routes and deploy ATPs on services linking Glasgow and Edinburgh with Birmingham and Manchester.

## Move to reduce fares to Aberdeen

An Aberdeen company hopes to win Civil Aviation Authority permission to run up low-cost flights to London Stansted, London Express (Aer) would offer a morning flight to Stansted leaving Aberdeen by 9.30 and an evening flight back, operated by European Air Charters using a BAe 1-11, writes James Buxton.

The venture is a challenge to British Airways and Air UK. Aberdeen and its company executives have long complained about the lack of a shuttle between Heathrow and Aberdeen, and BA's fares, which include a 100 off-peak return and a fully flexible return. Air UK has two flights a day to Stansted and back.

Alex, who intends to leave in June, would charge 280 single and 450 return. It is hoping for all day block-bookings.



## The fast and the frustrating

There are two main routes from Boston airport to the city itself (where the market, above, can be found) - the way that is the frustrating way, writes Kate Bevan.

The frustrating way is by road. Although the airport is just 11 miles from downtown, toll payments and heavy traffic in the tunnel under the harbour mean it takes up to 15 minutes to reach the city along Route 1A. The result can be a taxi fare of up to \$20 (\$13.50). There are buses, but they are slow options.

The fast way is by water. A free bus ferries you to the airport in the jetty, where a seven-minute ride will deliver you at Rowe's Wharf, close to most downtown hotels.

The water shuttle runs every 15 minutes on weekdays from 6am to 8pm, and every half-hour at weekends, from 10am until 11pm on Saturdays and 8pm on Sundays. It costs \$5 way.

The other option is to get the subway (on the blue line), which takes you into town with cost only \$5.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thu	Fri
Hong Kong	21	20	21	22	23
London	14	15	16	17	18
Frankfurt	14	15	16	17	18
New York	19	20	21	22	23
L. Angeles	19	20	21	22	23
Paris	19	20	21	22	23

Maximum temperatures in Celsius. Information supplied by Meteorological Service, London.

## All survive Sydney plane crash

An aircraft chartered by the Australian Army crashed into Sydney's Botany Bay shortly after takeoff from the city's international airport yesterday but all 25 people aboard were rescued, officials said.

The passengers and crew were rescued by fishing boats after a DC-3 plane, which was headed for Norfolk Island 630 miles east of Australia, plunged into the water about 50 yards from the runway. David McNicol, a reporter with The Australian newspaper aboard the plane, said: "We got up to about 300 feet, and the port engine gave a couple of coughs and died."

"We came around in a big circle. Obviously the pilot was trying to get us back on the runway but he just couldn't make it and we slammed pretty heavily into the water."

"The name of the plane was well known and, when we were picked ourselves up off the plane, water was pouring through the overhead vents. I looked out the window and all I could see was ocean floor. But the plane then staggered back up to the surface."

## Break-up

The division of state-owned Russian airline Aeroflot into

more than 200 smaller airlines has had extremely negative consequences on internal flights, a Western aviation official warned last week.

Fernand Francois, Executive Director of the European Business Aviation Association (EBAA), told a seminar: "The creation of a new, decentralised system, together with privatisation, has led to an increase in the cost of tickets, a reduction in the frequency of flights and the abolition of unprofitable routes."

"There is no interconnection between the more than 200 Russian carriers with operating licences," he said.

## Airport traffic

Flughafen Wien AG, the Vienna Airport company, says its business has picked up strongly in the first quarter of this year - despite price competition between airlines which it described as ruinous after a difficult 1993.

In 1993, passenger numbers rose by 5.3 percent to 7.2 million, while takeoffs and landings rose 9.5 percent to 117,000.



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# Monetary credentials still in doubt

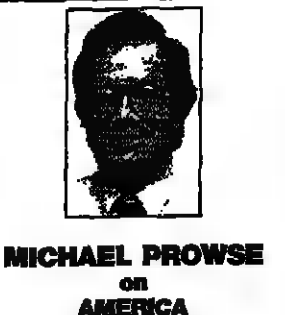
Those wayward financial markets are at it again. This is the fashionable reaction in Washington to soaring US bond yields. Mr Michael Mussa, chief economist of the International Monetary Fund, complained last week of a market "over-reaction". Mr Lloyd Bentsen, the US treasury secretary, seemed personally affronted by yields that have risen well above 7 per cent when inflation is low and the budget deficit declining.

Inflation may remain fairly subdued for a while. But bondholders are not stupid. They are naturally worried about the highly uncertain outlook for inflation in the second half of the 1990s and beyond.

Unlike many of its trading partners, including Germany, the US managed to avoid a hyper-inflation this century. As a result it lacks a strong national consensus on the importance of stable prices. There is little appetite among politicians, the general public - or even academic economists - for tough monetary policies. Nobody is anxious to "defend the currency": the dollar is widely seen as something to be devalued as fast as possible so as to give US exporters maximum advantage in overseas markets.

On Capitol Hill, Senators Paul Sarbanes and Jim Sasser, senior Democrats, reacted predictably to the Fed's 100 basis point quarter-point increase in interest rates: "It seems that just as the economy is coming back up for air, the Fed shoves it back down." The response from academic luminaries was no more enlightened. Mr James Tobin, the revered Nobel laureate, described the Fed's move as an "unprovoked attack on the economy". This, note, three years into an expansion and after annualised growth of 7 per cent in the fourth quarter.

The White House, so far, is holding its tongue. But it is telling that Ms Laura Tyson, President Bill Clinton's chief economist, used the word "unprovoked" in the New York Times column on the financial markets' fear of inflation. Such action by a senior official would be a



MICHAEL PROWSE on AMERICA

In London, Bonn or Tokyo.

On Friday, Mr Clinton finally decided to nominate Mr Alan Blinder, a member of the Council of Economic Advisers, as vice-chairman of the Fed and Ms Janet Yellen, a Berkeley economist, to a second vacancy on the Fed's board. Had these been Supreme Court nominations, Mr Clinton would have relished his role as master of ceremonies in the White House Rose Garden. Yet although the Fed's success or failure in controlling inflation is likely to have at least as great an impact on Americans' lives as any legal decision, Mr Clinton failed to turn up in person. And the media, which obsessively analyses the lives and opinions of potential Supreme Court justices, treated the event as a boring technicality.

Against this backdrop, what guarantee is there that US inflation will stay under 5 per cent in the medium term? The commitment to low inflation in Europe and Japan is not much comfort because US inflation is largely determined by US monetary policy. Mr Alan Greenspan, the Fed chairman, admitted last week he wants "price stability", but he has yet to get the core 100 significantly below 3 per cent and his second term expires in less than two years.

And the balance of power within the Fed is already shifting towards the "inflation doves". Mr Blinder and Ms Yellen are competent macro-economists. But as self-proclaimed "pragmatists" in the Keynesian tradition, they are certain to be less hawkish than the Republican appointees they replace. And as future Fed vacancies arise, the tilt towards "growth-oriented" policies will become more pronounced.

In the case of Mr Greenspan's attempts to re-educate Congress and the public, economic debate in the US is redolent of the 1960s. Policymakers from the president down still believe in a "Phillips curve" trade-off between inflation and economic growth. Fed tightening - even the mild 1/2 percentage point so far announced - is widely seen as a heartless attack on the jobless.

Such primitive fears, of course, are not remotely justified. Indeed, it is hard to grasp how this supposedly pragmatic view has gained economic respectability. Why should a steady decline in money's purchasing power increase general prosperity? At best the stupid process of raising prices and salaries every year for reasons entirely unrelated to economic efficiency would be neutral for growth. In practice, as Mr Greenspan has stressed, inflation nearly always destroys jobs and wealth.

The reason ought to be obvious. A steady rise in the average level of prices reduces the efficiency of the market system - the main determinant of living standards - because it blurs the crucial economic signals relayed by changes in relative prices. In the short run nobody can tell whether the rise in the price of a particular commodity reflects pertinent economic forces or merely general inflation. Nobody should thus be surprised that lower inflation is historically associated not only with higher productivity, but with higher growth of productivity.

The ability of the US to generate growth and jobs should not be doubted because this is (largely) delegated to markets. The nation's ability to control inflation, unfortunately, is far less certain. Because this task is delegated to highly fallible policymakers, the Fed moved late to tighten monetary policy and, so far, has acted tentatively, bond investors are fully justified in demanding an inflation premium. The only reliable route to lower yields - and faster economic growth - lies in more aggressive Fed action. Even that may be enough to send unhelpful signals from an ignorant political elite.

Today Mr Ernesto Zedillo begins the third week of his campaign to become Mexico's next president in a political climate as difficult as any confronted by a candidate of the governing Institutional Revolutionary Party.

As he criss-crosses the country in search of votes in August's election, Mr Zedillo must wrestle with several problems: his own party's unhappiness over his nomination; a stagnant economy; a rebellion in the southern state of Chiapas that has still not been fully suppressed; and with growing public scepticism over the investigation into the assassination on March 23 of Mr Luis Donaldo Colosio, the PRI presidential candidate whom he has replaced.

With the opposition parties weak and the PRI enjoying the benefits of 66 consecutive years in power, Mr Zedillo is the strong favourite to win. But some opinion polls show the PRI's lead has narrowed, and he cannot be sure of victory.

Mr Zedillo is, moreover, not a natural campaigner - some think even his admirers admit - although political observers detect an improvement in his performance over the past two weeks. A former central bank official and budget minister, with an economics doctorate from Yale University, Mr Zedillo has never held elected office and, until last month, was hardly known outside political circles in Mexico City.

He was imposed on the party by President Carlos Salinas, who cannot be re-elected under the constitution. The opposition within the PRI to Mr Zedillo's nomination was fierce, reflecting little enthusiasm for a candidate committed to more Salinas-style pro-market reforms.

The difficulties of grooming Mr Zedillo for the presidency became apparent during a campaign swing in Mexico City. First, he addressed 10,000 members of the Revolutionary Confederation of Workers and Farmers, Mexico's second-largest labour union, then a neighbourhood organisation, and finally took an almost unnoted walk through a bus terminal.

At his first stop, the union hall, Mr Zedillo tried to identify with the working class, telling the labourers that he had worked evenings as a young boy, that his father was a humble electrician and his mother a union member. He promised generally he would govern Mexico for the workers, and propose only reforms that benefited them.

But try as he might, his clinical delivery and his self-consciousness made him look more the central banker he was than the man of the people he aspires to be.

While glad-handing crowds is not his forte, Mr Zedillo's strengths are his intelligence and his reputation for honesty. Officials who have worked for him marvel at his administrative effectiveness and ability to marshal facts and arguments.

These qualities stood him in good stead at his second stop, a meeting of 150 neighbours in a middle-class district of Mexico City. One woman raised the problems of old people, and Mr Zedillo explained the deficiencies of Mexico's social security system, and how he would rectify them. Another asked about workplace safety rules, and the candidate impressed his audience with his knowledge of the regulations and problems of enforcement. For an hour and a half he answered questions on prostitution, urban transport, quality, waste, drug policy and other issues with clarity and ease.

Afterwards Mr Zedillo, clearly happy with his performance, said: "I like these meetings - what you call focus groups - you know people's real problems." Advisers say he will use such meetings, plus radio and television interviews, to improve his image.

Mr Zedillo may be undermined by his unpopularity in his own party, which is forcing him to seek allies among the party old guard. Such alliances could cloud his efforts to project a clean-cut, modern image, and may constrain his freedom to act if he wins the election.

Mr Zedillo's most powerful ally is Mr Carlos Hank González, the 66-year-old agriculture minister. A former state governor, mayor of Mexico City and tourism secretary, Mr Hank González is probably the most formidable member of Mr Zedillo's cabinet. He and his followers have taken over the PRI electoral machine in recent weeks, and are likely to demand top jobs in a Zedillo administration.

"Mr Zedillo is not in charge," says Mr Miguel Basáñez, head of Mori, a Mexico City polling organisation, reflecting a view that the PRI candidate has made too many concessions to the party's old guard. "He is bringing back people who are very threatening and who want to return to the ways of the past."

While no evidence has been produced, opinion polls indicate widespread public suspicions that some members of the PRI were involved in the killing of Mr Colosio, who represented the modern, reformist wing of the party. He posed a

# Little margin for campaign error

## Ernesto Zedillo cannot assume an easy victory in Mexico's presidential race, says Damian Fraser

Ernesto Zedillo: a banker aspiring to be a man of the people



Ernesto Zedillo: a banker aspiring to be a man of the people

threat to influential party officials who opposed, among other things, his plans to shake up the PRI, his attempts to make the election process more transparent, and his pro-market economics.

The special prosecutor overseeing the investigation of such theories, who he considered that six people aided the assassination who has confessed to killing Mr Colosio, and had four of them, including a PRI official, arrested. Though the PRI official has been released, the suspicion lingers that individuals within the PRI could have had a hand in Mr Colosio's death. Mr Zedillo's campaign could thus be hurt.

His problems extend well beyond the investigation, however. Political instability and the rise in US bond yields meant the peso nudged the lower half of its fluctuation band against the dollar, which forced the Mexican government to raise domestic interest rates from 8.8 per cent in late February to 18 per cent last week. This will postpone the recovery which the PRI had hoped would guarantee electoral triumph. Most economists now expect another period of flat growth in the first half of this year, after the modest 0.4 per cent economic expansion last year. Growing concerns over the economy have contributed to a fall about 20 per cent in Mexico's principal stock market index since early February, even though the market rallied strongly late last week as investors picked up bargains.

The government may have to maintain interest rates at current high levels, which will choke economic growth still further, in order to avoid a politically costly devaluation out of the exchange rate band. The PRI has made a stable exchange rate the centrepiece of its economic strategy.

And the political and economic gloom, Mr Zedillo can take comfort from the fact that neither of the main opposition candidates inspires much voter enthusiasm. Mr Cuauhtémoc Cárdenas, of the leftwing party of Democratic Revolution, is distrusted by many investors for his populist views, and some fear that, if he were to displace the deeply entrenched PRI, his election would lead to serious civil conflict and an economic crisis.

Mr Diego Fernández de Cevallos, the candidate of the centre-right opposition, who is hardly known nationally. His National Action party has no support in the agricultural south, and is seen by many as too socially conservative and pro-business.

Mr Zedillo enjoys other advantages: the principal television networks openly support him, and the PRI has more money and is better at getting its supporters to the polls than the opposition. Even allowing for reassessing, polls show Zedillo generally favoured over his opponents.

But in a year of uneasy surprise, no PRI organiser is taking anything for granted. As Mr Zedillo takes to the campaign trail, he has little margin for error.


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## LETTERS TO THE EDITOR

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### Russian courtesy

From Mr P N Solares.

Sir, Efficiency and helpfulness are not the west's usual view of Russians. Nevertheless, my experience last week in St Petersburg certainly had traits of both.

The night before travelling back to London I realised that I had lost my air ticket. Next morning I went to have the ticket replaced at the hotel travel agent. The agent phoned KLM and was told that the Hermitage Museum had reported that a ticket with my name on it had been found in the coat check area and was being held for me at the museum. I went to retrieve the ticket with the aid of a friend who accompanied me all the way into the administration area of the museum. The whole process took about three-quarters of an hour. I doubt museum staff and taxi drivers in western cities would have bothered.

P N Solares, senior vice-president, Enron, London Representative Office, One Grosvenor Street, London EC3V 0DD

### Actions by EC strike at the principle of subsidiarity

From Mr Leolin Price QC.

Sir, On two successive days you reported items which ought to provoke serious concern about European Union affairs.

Your article "EC back Cardiff Barrage" (April 21) indicated that the (Greek) environment commissioner insisted on additional work to protect wading birds, and that the UK government's reaction to this has delayed work on the barrage. If the principle of subsidiarity means anything and importance we ought to be able to assume that the Union will in future leave such matters in this country to be dealt with by us and in such matters an expensive and wholly unnecessary extra tier of government (Union government) and government activity will be abandoned.

On April 22, you reported a suddenly imposed quota on Chinese silk imports into the UK ("Britain's silk imports boom cut short as Brussels imposes quota"). The incompetence demonstrated in this is reflected in the number of UK retailers which have placed and paid for substantial imports of Chinese silk goods which they cannot now import. But - and this is much significant and worrying - this Union government action highlights the extent to which protectionist Union attitudes now extend far beyond the boundaries of the indefensibly selfish Common Agricultural Policy.

Leolin Price, 10 Old Square, Lincoln's Inn, London WC6A 9SU

### Waste cost

From Mr J R Pugh.

Sir, Your report about funding packaging waste recovery was appropriately headed "Recycling levy must fall on consumers" (April 14). The text, however, suggested this levy on retailers to help pay for recycling proposals.

To avoid misunderstanding, may I make it clear that what we propose is a levy not on retailers as such but on packaged goods, collected at retailer point of sale. We believe this is the only point in the packaging chain at which a levy can be applied fairly to cover all forms of imported packaging as well as that originating in the UK. It is also the point at which the cost of waste recovery will be apparent to the consumer.

J R Pugh, chief executive, Packaging Films Association, 2 Mayfair Court, North Gate, New Basford, Nottingham NG7 7GR

### No sacrifices on altar of free trade

From Mr Stephen Saint-Leger.

Sir, Having returned to Europe after a period working in Japan, I feel it is my duty to combat the Euro-masochism that is no doubt held to past British self-bashing, as expressed in Martin Wolf's recent feature ("A fortress would be no defence" April 15). It is easy to select certain statistics showing higher European wage costs per hour and public spending, and conclude that our tendency to regulate certain market excesses is harmful. However, if you look at other parts of the jigsaw, this fallacy becomes apparent.

True, public spending and direct taxes in Britain are higher than in Japan. But the Japanese have to offset their lack of a social safety net with a huge savings rate, and no-one familiar with Japan would pretend that the Japanese standard of living is superior to that of their French (or British) counterparts.

True, employment growth in the US over the past decades has outstripped that of Europe. But as Robert Reich, US labour secretary, himself points out, average non-farm private-sector real earnings have fallen more than 10 per cent in the last 20 years in the US. During the same period French and British real wage gains were well into double figures, and European productivity as a whole grew at an average annual rate more than twice that of the US.

This also corresponds to a dramatic fall in US manufacturing jobs and the decimation of whole industries once and for all (rather like Britain in the early 1970s). Perhaps US labour is competitive, but could Mr Wolf list what proportion of goods he owns or buys are made in the US?

Free-trade is all very well as long as the playing field is level, which it is not. Why should we sacrifice our labour force on this altar when Asian workers are willing to toil under conditions analogous to 19th century Europe? Why should we give back a century's advance in average living standards (including its social element) by throwing the doors open to those who will ruthlessly undercut us on price and social benefits, while resisting penetration of their own markets in industries where they are not yet up to speed?

The closing years of this century are, as always, about economic survival. Asian countries have neither doubts nor qualms on that score. The US is, somewhat late in the day, waking up to the facts. Europe should learn the lesson and protect its interests. Otherwise the signs of social unrest in France will seem like a tea-party compared with what is to come, Europe-wide.

Stephen Saint-Leger, 20 Southwood Lane, London N6 5EE

### More than one measure of executive performance

From Mr Mark Goyder.

Sir, Your article, "The BP trap" (April 15), identified the difficulty boards are experiencing in choosing a set of performance criteria on which to base executive incentives.

But why the assumption that the performance of your directors can or should be reduced to a single financial measure, such as earnings or share price, measured over an arbitrary time period such as 12 months? As the recent report of the RSA Tomorrow's Company Inquiry explained, success is likely to be a complex blend of success in relationships with customers, employees, suppliers, investors and the community. Work in each of those areas finds its way through to earnings or the share price over different timescales.

The real problem which boards face in determining remuneration is how to devise a measurement system that stays simple, but does justice to the true sources of sustainable company success. What boards measure and why is one of the issues which the Tomorrow's Company Inquiry team is tackling in the case studies which form the next stage in our investigation.

Mark Goyder, programme director, RSA inquiry, Tomorrow's Company, 8 John Adam Street, London WC2N 6EZ

سكرا من الامل



## The road from Marrakesh

With the signature of the Uruguay Round accord in Marrakesh this month, world trade policy has crossed a threshold possibly a watershed. The deal breaks new ground by extending Gatt disciplines to important areas, including services, agriculture and textiles; by reinforcing the Gatt system through the planned World Trade Organisation; and by enshrining a far stronger commitment to multilateral rules by developing countries, notably in Asia and Latin America.

The task now is to entrench and build on these achievements. The immediate priority is speedy legislative ratification of the round, so that it and the WTO begin operating at the start of next year. Delays - particularly in the US, the European Union or Japan - could slow, or even reverse, the momentum of liberalisation. Only when that risk is removed can policymakers tackle in earnest the bigger challenges ahead.

The first such challenge is to continue eliminating obstacles to trade. Though the round covers in principle most categories of trade, concrete arrangements for opening many services markets remain to be negotiated. In sectors such as agriculture and textiles, governments have to show that they will implement agreed liberalisation timetables. Given political sensitivities, that is far from a foregone conclusion.

Furthermore, liberalisation is an unending process. In future, it will increasingly be focused on obstacles created by countries' domestic policies. That thrust reflects in part the Gatt's past successes in lowering barriers to visible trade at frontiers. It is also dictated by the expansion of international trade in services and the growing importance of cross-border capital flows as an engine of economic integration. However, devising multilateral rules which promote free competition, while respecting genuine national diversity, will require much skill.

### Orderly mechanisms

It will also test the WTO's ambitions to supersede trade rounds by acting as a permanent negotiating forum. That would reduce the protracted negotiations, brinkmanship and risk of irrevocable breakdown which have bedevilled past rounds. But it is still unclear

whether the WTO's more orderly mechanisms will produce the decisive results which were required by the complex international trade and political dynamics created by a full-scale round.

Consensus will not be made easier by pressures to load the WTO's agenda with contentious new issues, such as environment policy and workers' rights. The industrialised powers' demands for action on these questions have already provoked severe friction with developing countries, which fear they are simply a pretext for trade protection.

### Rigorous analysis

The links between trade and areas such as environment are still poorly understood. What constructive policy measures are necessary or possible is even less certain. Much rigorous analysis and debate is needed to define the issues more clearly and to prevent the agenda from being hijacked by powerful lobbies with a tenuous commitment to free trade.

The biggest challenge of all is to guard against the dangers of a dispute panel it helped set up - suggests a disturbing reluctance to accept independent rulings which disagree with US interests.

International economic recovery should make an outbreak of protection less likely. However, that risk remains while unemployment stays high, notably in Europe. It makes still more essential the pursuit of sound macro-economic policies and vigorous structural reforms. In the last analysis, effective domestic policies are the best guarantee of free world trade.

## Government in slow motion

When governments move in difficulty, political survival becomes the order of the day. The effects of this are showing all too clearly inside Mr John Major's government.

As the FT's story today about the Department of Trade and Industry demonstrates, a kind of decision paralysis sets in. Important measures promised by political leaders in an earlier flush of success get bogged down. Small considerations, which in normal times would be brushed aside, are transformed into impassable obstacles. Departmental in-fighting betrays the erosion of trust between ministers. Above all, the fear of embarrassment and controversy begins to smother all initiative-taking, stalling measures both bad and good. Almost any forthcoming event, like the local elections, and then the European elections, becomes an excuse for delay.

Although our story focuses specifically on the DTI, the accusation of inaction could be levelled against most departments. But it is especially relevant to the DTI because of the measurable costs which can be incurred by its hesitations and because it casts a somewhat ironic light upon Mr Michael Heseltine, who as President of the Board of Trade, heads the department. Mr Heseltine is a man who likes to present himself as someone who gets things done, which is part of his renewed appeal on the Tory backbenches as a potential successor to Mr Major.

Inaction at the DTI can have wide repercussions. Mr Heseltine's failure to proceed with either the review of nuclear power or gas deregulation - both of which he promised at the end of last year - is creating considerable uncertainty in both those industries, particularly in gas, where billions of pounds worth of investment are at stake.

### Public vacillation

Meanwhile, the head of the Post Office has repeatedly given vent to frustration over the months of public vacillation about whether to privatise his organisation, which as a result is planning in the dark. Likewise, those whose businesses or livelihoods depend on agencies like Companies House

and the Patent Office, also self-off candidates, must be resigning themselves to a long wait. It is inevitable in such circumstances that a certain blight falls upon organisations whose future is in such doubt.

The uncertainty might be less damaging if it were only why decisions are being postponed. In the case of the Post Office, think that Mr Heseltine's own statements in favour of privatisation should be seen not as an attempt to woo reluctant backbenchers towards a risky line of policy, but primarily as a further manifestation of unfamiliar right-of-centre credentials ahead of a potential leadership struggle this autumn.

### Hostile lobbies

To be fair to Mr Heseltine, he is also having to juggle with limited parliamentary time, and some of his measures, notably the nuclear review, need to be carefully weighed to meet the strong likelihood of legal challenge by hostile lobbies. Nor will Mr Heseltine easily forget the experience of piloting through changes to the coal industry, which he thought he had clearly signalled, only to find himself at the centre of a violent parliamentary rebellion.

In some areas of policy, Mr Heseltine also has the excuse that he is trying to link decisions to give them greater strategic coherence: this, for example, appears to be the reasoning behind the delay in auctioning the franchise for a fifth television channel, which has become bound up with the future of the BBC and a wider review of cross-media ownership. Such strategic thinking, wholly absent from the 1990 Broadcasting Act, is to be welcome, so long as it does not merely become an excuse for avoiding necessary decisions. The fear is that a government caught between consolidators on one hand and activists on the other will become tangled in the web of its own self-doubt. A government which lacks the courage to deal with any but the most harmless measures can easily lose perspective on what is important and what is not. Mr Major should be aware of these wider risks of indecisiveness both for the economy and for the government's own credibility.

Following the revolutions in the east, Europe is now coping with upheavals in the west. Five years after the surge of central and eastern European discontent that led to the fall of the Berlin Wall, the ground is shifting under western Europe's political leadership.

Four weeks after Italy's general election, and with the countdown under way to polls in the Netherlands on May 3 and for the European parliament on June 9 and 12, the continent is in the midst of a period of intense electioneering.

Coming political elections also include Germany's general election in October and the presidential tussle in France in May 1995. By summer next year, most of the leaders who launched a dynamic phase of European integration leading to agreement on the Maastricht treaty are likely to have left office.

The Maastricht summit in December 1992 represented a high point both in enthusiasm for European union and for the careers of a remarkably long-lived set of European leaders. Of the 13 main participants at Maastricht, 11 had been in office (some for more than one spell) for six years or more. Since then, their political fortunes, like the European economy, have turned down.

At least three more will go over the next year. Of the 24 European Union finance and foreign ministers who signed the treaty in February 1992, only seven remain.

The new generation must manage a difficult transition. Europe's challenges include:

- Handling the slow recovery from recession, in one of the most difficult periods for the European economy since the 1930s depression;
- Finding a common foreign and security policy to counter instability in former Yugoslavia, the ex-Soviet Union and northern Africa;
- Holding the 1996 conference to renew the EU's structure and preparing for enlargement to eastern Europe after the planned 1995 accession of Austria, Finland, Norway and Sweden;
- Rediscovering currency stability following the exchange rate mechanism's collapse in 1993 and doubts over the Maastricht goal of economic and monetary union (EMU) by 1997-99;
- And re-establishing fiscal control after a rise in government borrowing to well above Maastricht EMU targets.

The Maastricht treaty has become law, but it looks out of kilter with public opinion. The latest opinion surveys in Brussels show only 33 per cent of EU voters support the treaty, with 23 per cent against it and 39 per cent undecided.

Most governments expect a large protest vote in the European elections. The treaty gives the parliament greater powers. Yet an increased number of anti-Maastricht MEPs is likely

## Final march of the old guard

As more EU leaders step down or are cast aside, the European ideal is under challenge, says David Marsh



to enter the Strasbourg chamber. "The elections are taking place at the worst possible juncture - a time of malaise and disaffection," says Mr Michael Stürmer, director of the Stiftung Wissenschaft und Politik, a German government policy think-tank. "All governments have failed to explain to their populations why Europe is good for them."

Political and economic strains have undermined earlier assumptions of European integration. No government at present wants to press for initiatives ahead of the 1996 Maastricht review conference. This includes reconstructing the ERM. Mr Erik Hoffmeyer, governor of the Danish national bank, and Europe's longest-serving central bank chief, says last summer's break-up of the narrow-margin ERM has led to a "vacuum" in EMU planning. "This setback has paralysed the political process."

The changes in Italy, a traditional supporter of European union, are particularly striking. The new government to be formed soon, probably under Mr Silvio Berlusconi, is likely to be more inward-looking than administrations run by the now-eclipsed Christian Democrats over the last 40 years.

Most EU members' policies are increasingly focused on national

interests. This is reflected by France's support for the Maastricht treaty during negotiations, the row between Greece and the EU over Macedonia, and Britain's attempt to maintain its EU voting power after next year's enlargement.

Priorities seem to be switching in Germany and France, the main

partners behind European co-operation. Pointing to unrest in the former Soviet Union and the Maghreb, Mr Richard Portes, director of the London-based Centre for Economic Policy Research, says: "Germany will be looking more to its interests in the east, France to its interests in the south."

EU elections 1994-95	
Country	Electoral date
Belgium	June 1994
Denmark	June 1994
France	June 1994
Germany	June 1994
Greece	June 1994
Ireland	June 1994
Italy	June 1994
Netherlands	June 1994
Portugal	June 1994
Spain	June 1994
Sweden	June 1994
United Kingdom	June 1994
Other	June 1994

The 13 men of Maastricht	
Name	Party
Willy Claessens	Liberal
Francisco de Pablos	People's
Andréessen	People's
Pauline Kuczynski	People's
Andréessen	People's
Andréessen	People's
Andréessen	People's
Andréessen	People's
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## Through a brick wall

Richard Donkin on the increase in skilled craftsmen

Jobs in the construction industry will need to be filled by women within the next five years, because there will be too few skilled men. Women currently comprise 10 per cent of the 800,000 manual workers in the UK industry, and few of them are in skilled craft jobs.

Sir Clifford urges greater government support for unemployed women and single mothers. Women undergo skills training. Women receive craft training. He argues, prove more assiduous in achieving the qualifications and are less likely to drop out than men.

He highlights the work of Women's Education in Building (Web), a north London-based charity committed to improving women's skills. In 10 years, the centre has trained nearly 800 women in construction trades, including carpentry, plastering, plumbing and bricklaying.

Part of the course involves developing the ability to handle harassment and insensitivity from some male colleagues. The need to do so is made clear to trainees by Ms. Tanya Ria Lawal, Web's training manager and a colleague of Ms Benjamin. Her first job as a qualified carpenter was fitting out some London penthouse flats. In subsequent jobs, she recalls, she had to earn the respect of her male workmates. "The first thing I would be told was: 'Don't think I'm being disrespectful, love, but if the quality of work goes down, you'll be the first to go.'"

Ms Caroline Hughes, a plumbing trainee at Web, is learning the roofing technique of lead bolting - shaping it with "I'm the woman who had to get men in to mend the washing machine, but now I can fix things myself."

Ms Benjamin had a hairdressing salon after leaving school at 18. "Things like woodwork and metalwork at school were for the boys. We had to learn cookery and needlework. The men had to do the heavy work."

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The public, voluntary and self-employed sectors remain the largest employers of craftsmen, says Ms Louise Blackwell, a former quantity surveyor, now doing research at City University, London.

Women who have joined private companies find the atmosphere difficult, she says. "I would defy any woman who has worked in the construction industry to say she has not experienced sexual harassment, be it offensive language, pornography or implications that she should do the work."

"Women find there are insufficient support frameworks in small firms," she says. "The public tends to have unions, personnel or equal opportunity officers that they can turn to for help."

Cuts in staff employed directly by local authorities, one of the biggest areas of work for craftsmen, have forced many women to become self-employed, she says, but this is having a positive spin-off. "They are finding that it is possible to market the skills of a woman. A lot of women householders, particularly

older people, feel more comfortable engaging a tradeswoman."

Ms Alison Ogden, Web director, believes that women's help with children, which provides help with childcare, are offering women opportunities they would previously have been denied. Nearly 100 women attracted to its courses have been lone mothers who want to earn traditional "men's wages".

Some 44 similar training centres have been established in the UK, registered with the Women's Training Network in Sheffield. The network supervises grants from the European Social Fund, which provides 45 per cent of the centre's funds. The rest comes from local government, but training organisations such as the Construction Industry Training Board and Web believe

should have greater support from central government.

Ms Ogden says: "It is important to be serious about its commitment to going to basics, it should do more to provide childcare for women who want to train for traditional trades. Surely this type of training should be made universally available by a government that is so anxious about single mothers? The answer lies partly on demand and partly on the willingness of industry to accommodate craftsmen."

## Spin doctor magic

Sir Tim Bell, Baroness Thatcher's favourite public relations man, clearly relishes challenges. Last week he was dodging the flak from his over-enthusiastic promotion of the D-day celebrations. In South Africa Sir Tim's outfit is now trying to sell the National Party which brought you apartheid - to black voters.

Sir Tim is buoyant: "We've doubled our share of the vote since November and the momentum is still coming our way," he says, unprepared to accept that the Nats might lose. Maybe he's paid too much attention to his own briefing papers, the latest of which has fallen in Observer's hands.

It reports that the Nats will "trounce" Nelson Mandela's African National Congress in Northern Cape province; "is ahead of the ANC by 13 per cent in Western Cape"; "in the Northeast, Orange Free State, Eastern Cape and Eastern Transvaal NP support has doubled"; and ANC support has "shrunk from 71 to 54 per cent since last December".

Nat support has risen from 14 per cent to 29 per cent. "The NP is poised to spring a real surprise on April 27-28th," it concludes. Don't hold your breath.

Business in bullet-proof vests has been "brisk", reports the Ballistic Body Armour Company. Its Johannesburg plant is weekly producing some 500 vests, at \$400 apiece.

Its director, Philip Cadman, emigrated from Britain in 1965 and draws on experience gained "in Northern Ireland and elsewhere". When he set up in South Africa he couldn't "access international materials", a polite euphemism referring to sanctions.

Do the vests work? "We have had four or five saves in the past couple of weeks," he says. Saves? "The vests stopped bullets."

## OBSERVER

IN SOUTH AFRICA



"Piet's gone into the laager" tried and tested methods of ensuring hold-up artists get their deserts.

Free, fair, fuddled Commonwealth observers once monitored elections to see if they were "free and fair", no more. Still snarling from the hashing they took after giving the nod to Kenya's December 1992 election in the face of widespread electoral abuse, the observers in South Africa - led by former Jamaican premier

Michael Manley - have given themselves plenty of leisure. Their terms of reference require them to - take a deep breath - "consider the various factors impinging on the credibility of the electoral process as a whole and determine in its own judgment whether the conditions exist for a free expression of will by the electors and if the result of the election reflects the wishes of the people". Simple, really.

Bullet point memo "It has been noted that a number of personnel are bringing firearms into the building," notes a memo circulating in one of the country's largest mining houses. It sternly points out that stashing a pistol in your office drawer is illegal: "Firearms not carried on a person must be locked away in a gun locker." All is not lost. The memo concludes: "As a service to personnel it has been decided to install gun lockers at the main entrances of the buildings."

Nat's anthem Dropped from the Cape Town weekend finale of the FW de Klerk roadshow was the stirring hymn *Nkosi Sikelel*

"These are diverging perspectives." A crucial factor behind the Maastricht treaty was the French and German governments' desire to reinforce the framework of integration to tie reunited Germany to western Europe. Leading figures in France and Germany admit that the plan to subsume the D-Mark into a single European currency was based partly on the perceived need to restrain German power. As ex-President Valéry Giscard d'Estaing recently put it, "We need an organised Europe to escape German domination."

However, the German electorate's hostility to abandoning the D-Mark has added to the difficulties of realising Emu. Chancellor Helmut Kohl says he no longer wants "the united states of Europe" - a goal he formerly specifically endorsed.

According to Prof Elisabeth Noelle-Neumann, head of Germany's Allensbach opinion research institute, whose polls are influential with Mr Kohl, "There is a great determination in Germany not to go towards a federal European state. People want to keep national variations unchanged. Maastricht, this was not an issue."

Ms Noelle-Neumann's surveys have softened recently because many Germans believe its prospects have receded. On the balance between deepening western European integration and extending the EU eastwards, Ms Noelle-Neumann says Germans have "an unwavering wish" to keep Europe as it is. "This creates difficulties with France, Italy and Spain."

In France, too, opinion polls recall Mr Edouard Balladur, prime minister, a possible successor to President François Mitterrand, previously voiced strong doubts about Emu. "Union or not, we have to solve our own problems," says Mr Gérard Worms, chairman of France's Suez financial conglomerate. "What will happen in 1997 or 1999 is not the most important question."

One top French official says wistfully, "If the Soviet Union had not fallen, we could have had a triangular relationship between West Germany, Britain and France."

All hope for the Maastricht blueprint has not been lost. Economic recovery will rekindle enthusiasm for western European integration, just as it revived after the 1981-82 recession. The Union is likely to find a more coherent policy to deal with turbulence on its borders. Whatever the German population's scepticism, the German government will not want to escape its treaty commitment to Emu. None the less, as Europe's political landscape changes, none of these three forecasts can be assured. As the 1990s leaders disappear from the stage, the objectives they espoused, too, may start to fade from view.

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And now, the news In the bad old days, the South African Broadcasting Corporation was utterly under the thumb of the ruling National Party. Fortunately, the ANC is committed to an independent state broadcasting system.

So the top three posts on the new SABC board are all occupied by ANC supporters, including Zwelakhe Sisulu, former editor of the pro-ANC newspaper The New Nation. Walter Sisulu, once of the most senior executive members of the party, is his dad.

Maybe they should pin on the official walks some lines from William Blake: *The iron hand crushed the tyrant's And became a tyrant in his stead.* Michael Holman



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# FINANCIAL TIMES

Monday April 25 1994

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Japan's incoming prime minister calls for unity

## Hata seeks party pact to tackle urgent issues

By William Dawkins in Tokyo

Mr Tsutomu Hata, 57, to be elected Japan's prime minister in a parliamentary vote today, has called for a "grand union" of the country's political parties.

"I doubt whether it is desirable to have many political parties involved, when urgent action is required," said Mr Hata, who will head a seven-party coalition government.

He was referring to the need for unity on the main issues his new government faces, including tax reform, response to the North Korea nuclear threat, a solution to the trade row with the US and economic deregulation.

Mr Hata wants to form a "united front" strong enough to counter the opposition Liberal Democratic party. He plans to discuss his ideas with potential allies; that would include co-operation in election campaigns.

However, he thought it would be "hasty" to call a general election as soon as new electoral boundaries were drawn, possibly by autumn.

The current coalition embraces parties from the extreme left to the religious right. But policy differences have paralysed government since the resignation of prime minister Morihiro Hosokawa over allegations of financial impropriety.

A round 11 parties are now represented in the lower house of parliament, following the formation of three new parties last week.

Mr Hata indicated in a short interview that he would seek a consensus between members of government. He rejected suggestions that Mr Hata

Ozawa, backroom strategist of the previous government and leader of his own Japan Renewal party, would control policy.

The test of Mr Hata's will to strike a consensus between coalition members will come when he chooses a cabinet. JRP officials said he was looking for "moderate" changes from the existing line-up to reflect a broader agenda than that of the previous administration, whose main task was to win agreement on four political reform bills.

Separately, Mr Hata indicated that he planned to relaunch the long-running argument over Japan's role in international affairs by calling for a national debate on the country's pacifist constitution. Japan should consider its constitutional ban on the use of force as a basis for settling international disputes, but "I think active debate is necessary on the issue."

## OECD may agree code of practice against corruption

By George Graham in Washington

An international policy to combat bribery and corruption around the world will be agreed this week at a meeting in Paris of the Organisation of Economic Co-operation and Development.

The grouping of 21 industrialised nations has been working for some time on a code of practice on corruption, but the issue has been given a high priority by the US, which in the past has stepped up its efforts to secure a tough OECD policy.

Although all countries outlaw bribery of their own officials, the US's foreign corruption practices act is the only legislation in the OECD that criminalises the payment of a bribe to the official of another country.

Mr Warren Christopher, the US

secretary of state, has complained that US companies are losing hundreds of millions of dollars in contracts every year because they are unable to match their competitors' bribes.

Officials believe they are now within reach of a compromise between countries which, like the US, want a strong commitment from all members to clamp down on bribery, and others which want to remain more flexible.

The issue is due to be discussed today at an OECD meeting on investment, and could be followed up by a final decision on Friday. "The chances are better than even, but by no means a lead pipe cinch," said one official.

The OECD secretariat has tried to draft a declaration that bridges the gap between, on the one hand, declaring that corruption will take the steps necessary to

combat bribery - and listing the steps - and, on the other, saying countries will take the steps they may deem necessary.

Among the steps proposed are measures to ensure that bribes paid by companies are not treated as tax-deductible business expenses; to deny government contracts to companies which are involved in bribery; and to make the payment of a bribe overseas a criminal offence.

Criminalisation, however, raises complex questions about the extraterritorial reach of national law.

The countries which are pushing for a tougher stance on bribery hope that the OECD policy can be accompanied by clear guidelines from industrial countries of the concrete steps they plan to take to fulfil their commitments.

## EU quotas on Chinese goods to spark rush for licences

By Richard Donkin and Jenny Leesley in London

Import licensing offices across Europe will need to burn the midnight oil tonight if they want to give their nationals an opportunity to compete for licences to bring restricted Chinese goods into the union.

The imposition of import quotas is expected to lead to a last-minute scramble among traders for licences to import a range of Chinese goods, from leather gloves to car radios, crockery and glassware.

The rush of applications has been triggered by the European Council's decision in February to harmonise national restrictions and impose EU quotas on selected Chinese exports.

The first tranche of applications from traditional importers has already been accepted. The EU applications will be regularly accepted by the EU.

The EU introduced a three-day period for processing licence applications running from midnight tonight until Thursday afternoon in the expectation that there would be a surge in demand for licences. Applications are to be dealt with on a first come first served basis.

The EU Department of Trade and Industry said it expected long queues of traders to have their applications considered. If traders miss Thursday's deadline, they may not be able to import goods covered by quotas.

The import restrictions are causing fears among UK retailers that some businesses could go under because of the harshness of the restrictions. British silk and toy importers have claimed that the quotas have left them with goods worth millions of pounds in Asia which now they may be unable to import.

Toy importers say that the EU quota, of just under 200,000 (£700m), represents a cut of 25 per cent in Chinese toy imports into Europe.

The other six quotas are: leather in composition leather gloves, limited to just under 70m pairs; footwear, limited to just over 30,575 tonnes; ceramic crockery, limited to 30,575 tonnes; glassware, limited to 30,575 tonnes; and plug-in car radios, including radio-telephony and radio-telegraphy receivers, limited to around 1.7m units.

A number of sports goods have been excluded from the quotas, notably sporting gloves, ski boots and some sports shoes. In the case of companies such as Reebok and Nike, which make training shoes in China, the quotas may prevent any further expansion into Europe.

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## THE LEX COLUMN

### Calling for growth

Sir Iain Vallance, BT's chairman, is fond of arguing that telecommunications should not be lumped together with other privatised utilities. The implication is that an exciting telecommunications company should be more highly rated than a boring energy or water utility. The market believed that story for a while in the early 1990s when BT's yield was roughly on a par with the market's, but the stock's 20 per cent underperformance since November means it is back in the same ball park as most other utilities.

The sharp derating of what is still by a whisker the London market's most highly capitalised company owes much to an appreciation of how much competition BT now faces. That is certainly a factor BT shares with other non-utilities. The snag is that BT is now perceived to lack the strategic advantage of many other non-utilities - the prospect of growth.

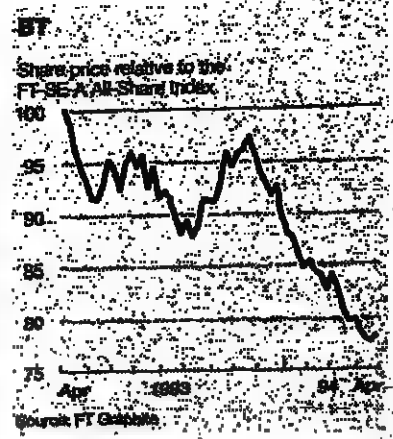
Is this perception fair? Certainly BT's management has done little to disprove the doubters. Its international strategy, consisting largely of splashing out billions of pounds on investments in the highly competitive US market, has yet to produce a significant earnings stream outside the UK.

Equally, all the fine words from Mr Michael Hefper, group managing director, about stimulating greater use of the domestic network have come to little. Nevertheless, the growth opportunity is still there even if BT is condemned to see its share price decline. It seems as if telecommunications much less intensively than their American counterparts. If BT can tap this potential, it will deserve a higher rating. But not until then.

### UK savings

It is hardly surprising that government institutions are wary of the government's planned review of savings and investment in the economy. Mr Stephen Dorrell, financial secretary to the Treasury, has identified high dividend payouts as one of the weaknesses of the UK economy. Any move to restrict dividends would hit unit trust companies, which have been focusing marketing efforts on the attractions of yield. More importantly, pension funds valued by actuaries on the basis of expected dividend income could suffer.

If companies were asked to increase their pension fund contributions as a result, though, the government's tax take could fall. Such arguments may prevent any further action.



Share price relative to the FT-SE 100 All-Share Index. The graph shows a sharp decline in the share price relative to the index, starting from a high point and ending at a low point.

attack on dividends. The wider threat to investment institutions may lie in the promised review of tax-breaks available to savers on investment products. It seems an anomaly that certain forms of saving enjoy tax advantages - as pensions, personal equity plans and TESSAs - while others do not. Extending tax-exempt status to bank and building society deposits, for example, would help create a level playing field at little cost to the Exchequer.

If such a move encouraged investment in deposits, life insurance and unit trust companies would face tougher competition for funds. Of course tax is only one part of savings decisions. The removal of life assurance premium relief in 1984 did nothing to slow sales of endowment policies through the second half of the decade. But with regulators already getting tough on compliance and disclosure, tax reforms which increased competition in retail savings would be an unwelcome headache for the sector.

### Food manufacturers

The government's success in curbing inflation can be gauged by how loudly retailers moan. There is nothing shopkeepers like so much as a drop in price inflation and there has been much belly-aching of late. But recent government retail sales statistics suggest inflation may be creeping back into the system and that moaning may start to quieten down. Some food manufacturers, such as Albert Heijn, have also suggested there has been some easing in the deflationary climate.

Pricing pressures have certainly been building up at the front end of the food chain. Many food manufacturers have been under intense pressure

from rising raw material prices ever since the pound devalued. United Biscuits saw the operating margins at its McVitie's biscuits business slide by two percentage points after it was unable to pass on higher sugar prices. Packaging companies have suffered from rises in paper and PVC prices and are desperate to pass them on.

Some food companies, such as Nestlé, have already pushed through commodity price rises on coffee and cocoa. But Nestlé's dominant market positions and its formidable brand cannot make it a comparatively easy task. Yet the food retailers have done the government a favour by ploughing their shareholders' money into additional retail space. That over-capacity will keep a firm lid on prices whatever the macro-economic climate. All but the strongest food manufacturers will be suffering for some time yet.

### Stock Exchange

After the costly fiasco that was Taurus, it might seem unwise that the Stock Exchange has started to increase the budget for Sequencia, the trading system being developed to replace Scaq. But the decision to invest a modest sum to allow the Sequences to handle order-driven trading - as well as traditional quote-driven business - looks sensible. Competitors such as Tradepoint and Reuters' Instinet are courting customers with order-driven systems. If these prove popular, the Exchange will at least have the systems capacity to respond.

The seriousness of the competitive threat may depend on how London copes with the move to rolling settlement later this year. If the pessimists are right, five day rolling settlement from the start of 1995 will lead to more failed trades, as clearing systems struggle to keep up. Investment institutions would then have a strong case for arguing for the same stock borrowing privileges as market-makers to help them weather the storm. With their disclosure privileges already under scrutiny by the Securities and Investments Board, market makers could find many of their existing advantages eroded.

If liquidity suffered as a result, competing trading systems would look all the more attractive. While market makers - and most investment institutions - would prefer to maintain the established quote-driven system, the Exchange is right not to overlook a potential threat for fear of upsetting a portion of membership.

## Bomb kills 9 Massey Ferguson

Continued from Page 1

blast in a hotel with rightwing leader General Ovidio Viljoen which included agreement in principle to a "volkstaat" or homeland for Afrikaners.

A homeland will be set up after the elections in October. Viljoen's Freedom Front party can show it has sufficient support for the concept.

Legal campaigning ceases at 7am today, ahead of the start of voting tomorrow. Only handicapped, elderly and heavily pregnant women will go to the polls tomorrow, with mass voting due to begin on Wednesday and to last until Thursday night.

Continued from Page 1

structions, it emerged from five years of losses. In 1991, with all its North American factories closed, Massey plunged into an operating loss of \$80.8m because of the global recession in farm equipment, but has subsequently returned strongly to profit.

The company's factories were the best-selling make in western markets in 1992, for the 30th year running.

The sale of Massey would mark Varity's involvement in heavy off-road equipment and underlines its concentration on Kalsay-Hayes industrial products and Perkins diesel engines. For Agco,

the purchase of the rest of Massey would be its most ambitious move yet.

The company is the successor to the agricultural business of the old Allis-Chalmers group, which in 1987 filed for protection under Chapter 11 of the US bankruptcy code.

In 1990 Agco bought Deutz-Allis from KHD of Germany, and has grown substantially since then through acquisitions including Hesston, bought jointly with J.J. Case, and White. Its sales jumped to \$685.7m last year from \$314.5m in 1992, due mainly to the North American market.

## WEATHER GUIDE

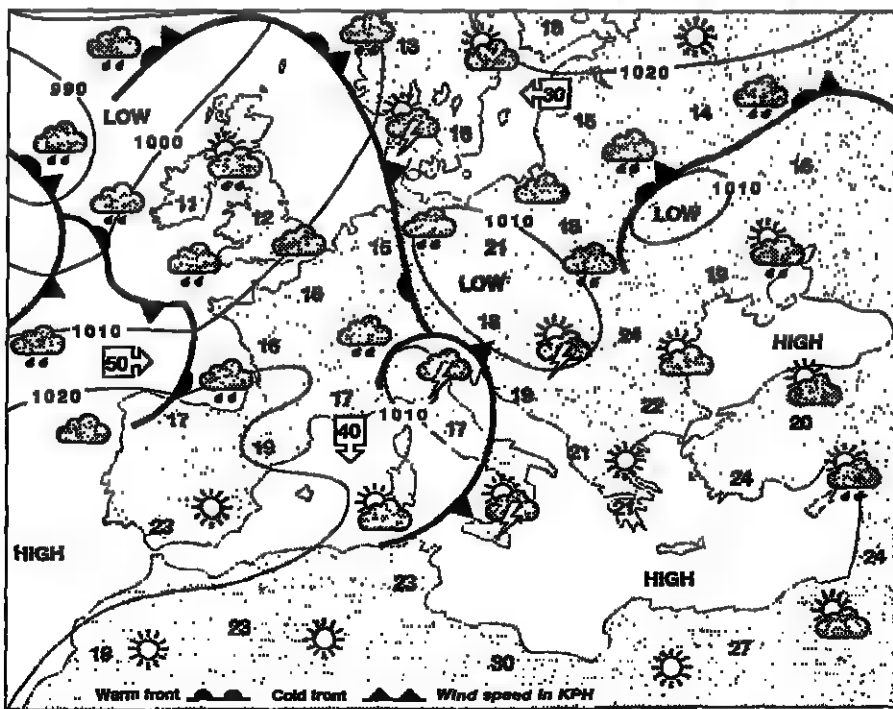
### Europe today

Rather warm conditions will prevail over eastern Europe with thundery showers developing in the afternoon over the Czech Republic, Austria and Hungary. A cold front will mark the boundary with much cooler and unsettled conditions over western Europe. The British Isles will have some heavy showers in the north with further rain moving into the south-west.

The cold front over the continent will bring showers with some heavy downpours in the Po valley. The weather will have bright except in the north where unseasonable warmth will cause fog over the melting snow. Spain will be mainly sunny although the north coast will be dull with rain or drizzle at times.

### Five-day forecast

It will continue unsettled and rather cool over the British Isles, the Low Countries and northern France. Meanwhile, high pressure over Spain will expand slowly to the north-east making it progressively warmer with more sunshine over southern France and the Alps. Thunder storms will move across southern Italy into the eastern Mediterranean. High pressure over Finland will move to the east, but the early part of the week will be relatively mild and sunny in most of Scandinavia.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

### TODAY'S TEMPERATURES

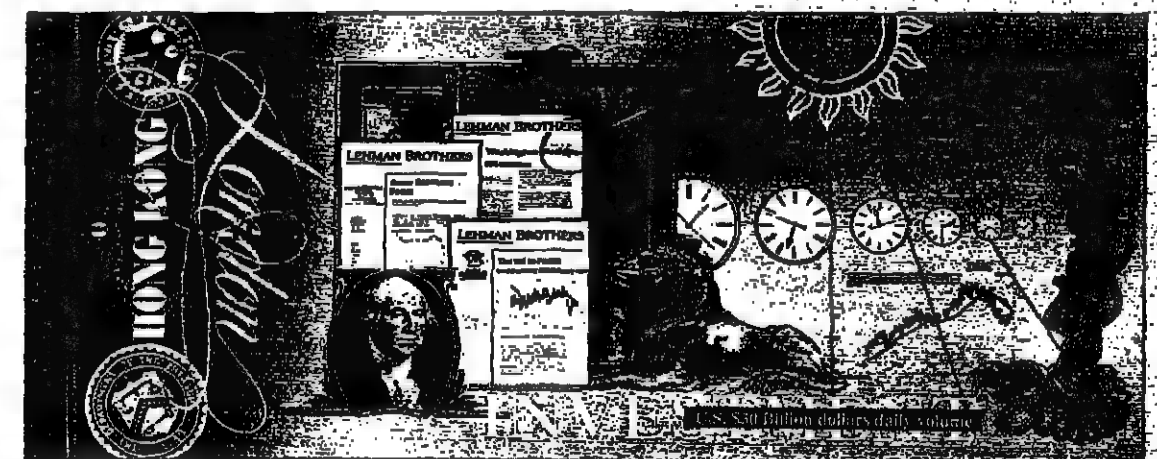
Abu Dhabi	36	Belgrade	25
Accra	32	Cardiff	11
Algiers	32	Casablanca	19
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Athens	23	Cologne	13
Atlanta	19	D'Salman	19
B. Aires	19	Dakar	32
Bham	11	Dallas	14
Bangkok	35	Delhi	40
Berlin	11	Dubai	35
Bombay	35	Dublin	11
Boston	11	Dubrovnik	19
		Durban	28

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Caracas	30	Faro	20
Chicago	19	Frankfurt	19
Cologne	13	Geneva	12
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Dakar	32	Hamburg	18
Dallas	14	Helsinki	18
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German Airlines

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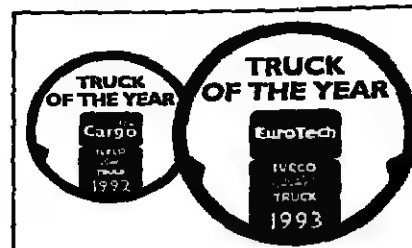




# FINANCIAL TIMES COMPANIES & MARKETS

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Monday 25 1994



## IRI head ignites Italian sell-off debate

By Andrew Hill in Milan

Mr Romano Prodi, chairman of IRI, Italy's main holding company, has accused the treasury and the industry ministry of allowing Mediobanca, the secretive Milan merchant bank, and its allies to establish a dominant position at the centre of newly privatised companies.

Mr Prodi's accusations - in a letter to La Stampa, the Turin-based daily newspaper - coincided with the first shareholder assembly of Banca Commerciale Italiana (BCI), the

privatisation in February, at which a board of directors with strong links to Mediobanca was elected. Mr Prodi pointed to a similar outcome at the previous Saturday's meeting of shareholders in Credito Italiano, the other newly privatised bank, at which "the role of the small shareholder was all but irrelevant".

There was surprise and consternation among the BCI shareholders on Saturday when it was revealed that Sergio Siglienti, the respected chairman of the bank, was not on the proposed list of directors. Mr Pietro

Grandjacquet, BCI's joint managing director and a supporter of Mr Prodi, announced he would not seek re-election. Mr Siglienti, 67, who helped pilot BCI to the market, asked shareholders not to re-elect his successor. Yesterday there was speculation that Mr Siglienti was being forced to stand down in favour of a more pro-state director.

The shareholders' meeting and the Prodi letter have reignited debate about how Italian industry should be privatised. A new Italian government will soon have to decide the rules for the sale of INA, the state insurance company, and Stet, the telecommunications company. Mr Prodi's own position could be under threat with the arrival of the new government.

Published alongside Mr Prodi's comments on Saturday was a letter from Mr Paolo Savona, the outgoing industry minister, accusing Mr Prodi of having been "an obstacle to the rapid privatisation of the state-owned companies".

In his letter to La Stampa, Mr Prodi accused the industry ministry and the treasury of failing to put in place rules which would guarantee that privatisation produced genuine "public companies", with a role for the small shareholder.

"Taking advantage of the absence of such rules, Mediobanca has been able to play a dominant role, unhindered, in the campaign to buy shares in the two large banks, through its traditional foreign and Italian allies," he said.

The licensing of the first significant collaboration between two of Europe's big vehicle makers, Mercedes-Benz and Volkswagen, is seen as a sign of the new readiness to develop alliances with other companies.

Under the deal, VW is to use Mercedes-Benz technology to develop a successor for its ageing Volkswagen LT range of heavy vans. The agreement, which represents an important consolidation of forces in the European van sector, ends VW's search for a partner, which included talks with Renault of France.

Mercedes-Benz, automotive subsidiary of Daimler-Benz and the world's leading commercial vehicle maker, is planning to launch its new van range (in the 2.5-4.6 tonnes gross weight class) in Europe next year to replace the T1 series. The VW version is likely to follow a year later.

The licensing deal is likely to cut Mercedes-Benz's development costs by around a third, while Volkswagen has lacked the sales volumes to justify the development of a new heavy van range alone.

The production of Volkswagen LT commercial and passenger vehicles totalled only 14,399 last year. Mercedes-Benz produced more than 50,000 T1 vans in Europe last year. It is planning to expand capacity at its Düsseldorf plant.

Mercedes-Benz has also finalised a joint venture with Tata Engineering & Locomotive (Telco) of India, one of the world's leading makers of commercial vehicles, for the assembly of Mercedes-Benz cars in India. The joint venture will build up to 50,000 B-Class executive cars a year, plus about 50,000 engines at a new plant near Pune.

Telco will take a 49 per cent stake, and Mercedes-Benz will have management control. The two groups plan to invest around DM250m (£148m). Mercedes in bus group talks, Page 21

## VW and Mercedes enter van alliance

By Kevin Done, Motor Industry Correspondent

Volkswagen, Europe's biggest vehicle maker, is in license technology from Mercedes-Benz for the development of a new range of light commercial

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## Markets this week

Starting on page 22

**JOHN FLENDER**  
GLOBAL INVESTOR  
US Fed chairman Alan Greenspan did a splendid job in puncturing the global bond bubble but failed to do quite the same for equities which still look on the high side. Page 22

**MARTIN WOLF**  
ECONOMIC EYE  
The common agricultural policy and the need to make transfers to poor countries will prevent rapid enlargement of the European Union to the east. Page 23

**Bonds:**  
South Africa used to be shunned in international capital markets, but with an all-race government about to be elected, banks have come a-wobbling again. Page 24

**Equities:**  
Believed of its fixation with the chance of a cut in UK base rates, the London stock market is expected this week to reassess the investment fundamentals. Page 25

**Emerging markets:**  
Eager demand from Bangkok's growing middle class has been a crucial ingredient in the unexpected popularity of Thai-based unit trusts. Page 26

**Currencies:**  
The dollar will be the focus of attention this week as markets ponder the weekend G7 meeting, the release of US GDP figures, and the likely election of a Japanese prime minister. Page 28

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## Heron restructure may include full sale

By David Blackwell in London

A full sale of Heron International, among the options being considered for a further restructuring at Mr Gerald Rosson's troubled UK property and trading group.

UBS, the group's financial adviser, has sent confidential information memoranda to interested parties. The bank is understood to favour a solution involving a new investor taking control, but not buying the whole group.

The company is technically in default after the failure earlier this month to win approval for the deferral of more than £25m in interest payments. Creditors will meet again on May 4, when only two bondholders need to be present for a quorum. The new moves come only seven months after the group completed a £1.4bn refinancing. The recession in Spain has affected property values, leading Heron to ask for interest payments to be deferred.

Meetings of senior and junior bondholders were adjourned earlier this month after failing to meet the necessary quorum, leaving creditors in confusion. The group had asked for deferral of more than £25m payments until the end of June, warning that it might otherwise be unable to continue trading. Receivership would follow a petition by 25 per cent of the bondholders.

UBS is understood to believe that the core portfolio of Heron properties could be used as a vehicle for a sound European property company.

## John Gapper reports on a turning point marked by Lloyds' bid for C&G

# Capital becomes a burden for banks

Amid the ructions set off by Lloyds' announcement that it was bidding £1.8bn (\$2.82bn) for C&G, a non-event with profound implications for banks passed nearly unnoticed. Lloyds' debt ratings were not downgraded by international ratings agencies.

Both Standard & Poor's and IBCA affirmed their ratings of Lloyds' debt, despite the fact that it intends to remove up to 250m of its capital in a single move.

Mr Gapper, who believes they must hold more and more capital to satisfy agencies, this may prove a revelation. Beyond the matter of ratings, Lloyds' decision to leverage its capital by adding to assets through acquisition could prove an important turning point. It has occurred as banks muse over more loudly when what they have been pushed by regulators and agencies into holding too much capital.

The trend towards banks holding more capital against assets such as loans emerged from two events. One was the realisation in the mid-1980s that banks such as Citicorp had been leveraging assets so aggressively to increase returns that they had difficulty coping with credit shocks.

Along with this general perception that banks had become too risky - and therefore too volatile as investors - came the 1988 Basle accord between international bank regulators. This set higher benchmarks for capital by insisting that all banks should hold minimum ratios of capital to assets.

The trend since then has been towards holding more capital, helped in the US by the Federal Reserve's policy of creating a sharply positive interest rate yield curve to allow banks to rebuild capital. The yield curve also ensured that all banks could achieve good returns on this capital cushion.

Banks engaged in operations requiring high ratings - such as selling derivatives - have had to boost capital further. The average ratio of tier one capital - equity and retained earnings - to risk-weighted assets among US banks last year was 10 per cent, more than twice the Basle minimum.

Yet two events have led to bankers questioning whether the trend will now reverse. One is the tightening of US monetary policy, which makes it harder to make the most of stable low inflation - and so lower demand for loans - in many countries.

These two factors have led bankers to ask whether they can afford to keep accumulating capital. If they do so without being able to expand balance sheets through lending, then their capital will be under-utilised, and they will find it much harder to achieve target returns on equity.

Before the C&G bid emerged, Mr Brian Pitman, Lloyds' chief executive, was signalling that the bank would have to find new ways of leveraging capital in a low inflation environment. At a recent seminar held by Hoare Govett, the broker, he



	Barclays	Lloyds	Midland	Abbey	Royal	TSB
Equity capital	£11.1bn	£5.88bn	£2.16bn	£1.77bn	£3.39bn	£1.95bn
Tier 1 ratio	6%	5.7%	6.1%	6.5%	8.4%	8.9%

TSB year-end Oct 93; Royal Bank Sept 93; others Dec 93. Shareholders' funds, others tier 1 capital.

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## This week: Company news

### FORD/GENERAL MOTORS

#### Big brothers to approach the \$1bn mark

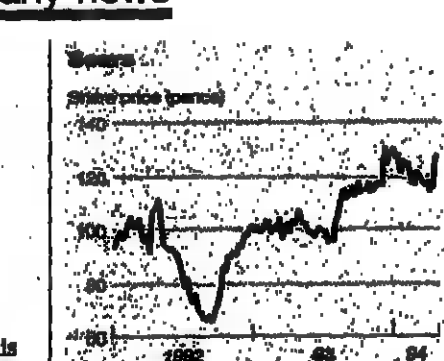
The revival of America's love affair with the car helped Chrysler, smallest of Detroit's three big motor manufacturers, to report its most profitable quarter ever last week. This week it is expected to provide a similar profits boost for Chrysler's two bigger brothers, General Motors and Ford, when they report on their first quarters.

The main factor driving the Big Three's profits is the release of pent-up demand for cars in the US, triggered by growth in the economy. US car sales in the first three months of this year were 15 per cent higher than a year earlier, and because manufacturers have worked hard to cut costs and increase efficiency, the effect of the increased revenues is magnified at the bottom line.

Conversely, the picture is less encouraging in Europe, where many markets are depressed and sales are weak. But back in the US, two other factors are operating in the manufacturers' favour: higher realised prices, thanks to a reduction in the number of rebates and other sales incentives, and a shift in the sales mix away from less profitable fleet sales towards more profitable retail sales.

Last week Ford threw down the gauntlet to its auto industry rivals by announcing radical plans to form itself into a global corporation, producing common cars for a world market. On Wednesday Ford is expected to announce a surge in first-quarter net profits from \$872m to possibly \$1bn, translating into earnings per share of \$1.57 fully diluted compared with 95 cents last time.

General Motors is forecast to deliver a similar leap in first-quarter profits on Thursday. Analysts, such as Mr Scott Meris of PaineWebber, the Wall Street securities house, are predicting a jump from \$518m to \$1.1bn or more, equivalent to earnings per share of \$1.50, compared with 42 cents.



Share price (pence)

Source: FT Composite

### SEARS

#### Clear progress after the clear-out

The improvement in the performance of Sears, the UK's largest multiple high street retailer, over the past two years has been obscured by a mass of restructuring charges. But tomorrow it is expected to give a clear message with an increase in full-year pre-tax profits to about £127m (£188m).

The uplift is dramatic on the basis of the FR3 accounting standard, according to which Sears made a loss the previous year of £47.8m, after £106.8m of exceptional charges. The advance reflects the success of Mr Liam Strong, chief executive since February 1992, in refocusing the sprawling group. He has shaken up senior management, established a clear strategy and sold non-core businesses.

The first stage was the reorganisation of British Shoe Corporation, the UK's largest footwear retailer. Mr Strong closed 350 shops, cutting 1,800 jobs, as well as opening new formats. The challenge for Sears now is to improve the performance of its other retail businesses: in womenswear and childrenswear - which include names such as Wallis, Miss Selfridge and Richards; sport and leisure (Olympus, Millets); and mail order (Freemans).

The uplift in profits suggests Mr Strong is having some success. As for Selfridges, the prestigious Oxford Street department store, Sears has demonstrated its commitment by announcing a £50m update.

### OTHER COMPANIES

#### Mercedes to trumpet trend bucking

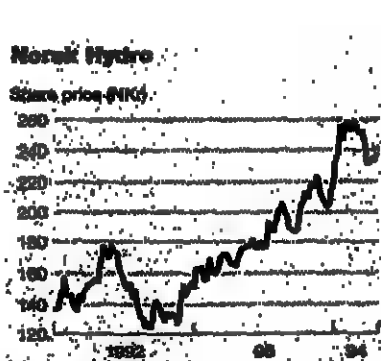
Helmut Werner, chairman of Mercedes-Benz, flag-carrier for the battered Daimler-Benz group, meets the press tomorrow. Although overall German car output fell 4 per cent in the first quarter, Werner is expected to claim Mercedes is beating the trend. The subsidiary's sales climbed 22 per cent in the first two months of this year, to account for 73 per cent of the group total. The push is coming from cars but commercial vehicles are still struggling.

■ Deutsche Bank: Main board will today attempt to calm the criticism which has blown up over the German bank's involvement in the DMSB (£2.5bn) bankruptcy of the Jürgen Schneider property group.

■ Akzo Nobel: The Dutch chemicals group, renamed after its recent takeover of Nobel of Sweden, will report first-quarter figures tomorrow. The company, the world's largest producer of salt, is expected to have profited from the bad driving conditions in many parts of North America and Europe early this year.

■ ICI: A pure chemicals company since last summer's demerger from Zeneca, first-quarter figures - out on Thursday - should see cost-cutting efforts offsetting the weak health of European bulk chemicals. Pre-tax profits should have risen from £26m to near £100m (£150m).

■ Swissair: The Swiss airline has already revealed 1993 profits of SF59m.



Norsk Hydro share price (pence)

Source: FT Composite

Norsk Hydro, Norway's big energy and fertiliser group, today produces first-quarter profits. The company, which announced a Nkr5bn (\$680m) rights issue last month and is 51 per cent state-owned, saw 1993 net earnings dip from Nkr1.5bn to Nkr1.2bn.

■ Benetton: The moment of truth for the Italian clothing group comes this afternoon, the bid deadline for control of Benetton after a \$2.65bn rescue. A mixed panel chaired by the Bank of Spain is likely to announce the winner immediately.

■ Swedish banks: Skandinaviska Enskilda Banken and Svenska Handelsbanken will present first-quarter figures this week. Investors will be keen to see how they have fared during a period of financial market turbulence.

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COMPANIES AND FINANCE

# Mercedes in talks on bus group

By Christopher Parkes  
in Frankfurt

Kässbohrer, the loss-making German bus-maker, may shortly surrender its independence to Mercedes-Benz and Canada's Bombardier group. Mercedes said in the week-end the three companies had launched a feasibility study for a deal to secure Kässbohrer's future.

The Daimler-Benz automotive group is interested in the tour bus division, which this year plans to launch new vehicles. Bombardier has an

eye on the smaller, specialist "piste-basher" business which makes equipment used to prepare ski slopes.

Mercedes said in January it had no interest in the company, which has been in the red since 1992 and recorded an unspecified deficit last year. However, it now says it aims to save the Setra marque and factories in Ulm, Neu-Ulm and Ligny in France.

Since Kässbohrer has an estimated 10 per cent share of German bus output, compared with Mercedes' 20 per cent, the competition is keen

to acquire a joint venture rather than a takeover as the latter is likely to be resisted.

The start of the feasibility study could mark the end of a rocky phase for Kässbohrer, which has been in the red since 1992 and recorded an unspecified deficit last year. However, it now says it aims to save the Setra marque and factories in Ulm, Neu-Ulm and Ligny in France.

As part of the conditions attached to the cash injection, the family owners are believed to have agreed to take on a partner with the necessary financial strength.

Mr Hans Ahrens, the chairman who had already agreed to quit at the end of last month, said at the time he had been pressing for such a solution for eight years.

Mr Ahrens, who a year ago handed the disposal of the group's trailer and commercial vehicle divisions to Rögel Fahrzeugwerke, gave notice of his planned departure after he was dismissed from a newspaper last November.

Recent reports suggest Mercedes and Bombardier might also be signing up a bank as a partner in any rescue venture.

## Second trader dismissed by Kidder

By Patrick Haveron  
in New York

Kidder, Peabody, the Wall Street investment bank which fired its top bond trader a week ago for faking \$350m in profits, has dismissed a second trader for concealing about \$10m in losses from derivatives trades.

Although the firm said the two episodes were not related, the firing of Mr Neil Margolin, a trader on Kidder's interest rate swaps desk, is a further embarrassment for the firm.

It raises fresh questions about the effectiveness of the firm's systems for monitoring the activities of its traders. Kidder is reviewing those systems in the wake of the first incident.

Mr Margolin's hidden losses were not discovered by Kidder - he was dismissed after telling the firm about the losses. He had been at Kidder since 1986.

The firm said the roughly \$10m shortfall was up by Mr Margolin's customers or trading counterparties. The losses would be covered by the firm's operating reserves.

The incident will have no impact on the earnings of Kidder's parent, General Electric. Last week, GE was forced to take a \$210m charge against its first-quarter earnings to cover the \$350m in fake profits reported by Kidder in previous terms because of an illicit "phantom" trading scheme run by Mr Joseph Jett, head of the government bond trading desk.

Mr Jett was dismissed when the fake profits were uncovered, and six other employees were suspended pending an investigation.

## Overseas sales bolster profits at Kellogg

By Richard Tomlinson  
in New York

Kellogg, the US breakfast cereal manufacturer, reported an underlying 6 per cent increase in net income, to \$183.7m, for the first quarter. The rise came in spite of lower cereal volumes in its domestic market.

Mr Arnold Langbo, chairman and chief executive, said cereal volumes in the US fell from the previous year's levels because of inventory reductions and competitive price-cutting early this year.

Profits were driven by improved operations globally, Mr Langbo said. He said there was volume growth in cereals in Europe, Latin America and the Asia-Pacific region, and growth in convenience foods in North America.

Turnover rose 6 per cent, to \$1.61bn from \$1.53bn, with global volume up 2 per cent. Stated net earnings rose by less than 3 per cent, to \$183.9m from \$179.2m, but both figures included one-time revenues and charges.

Excluding these items, earnings per share rose by 9 per cent to 31 cents, a figure boosted by the company's stock repurchase scheme.

Kellogg, like other US makers of premium cereal brands, has been fighting tough competition in its domestic market from cheaper products and own-label brands.

### HK utility surges

China Light and Power, the monopoly supplier of electricity to Kowloon and the New Territories of Hong Kong, announced interim profits of HK\$2.08bn (US\$270m) for the six months to March 31, up 30 per cent from HK\$1.7bn last year, writes Louise Lucas in Hong Kong. Earnings per share climbed to HK\$1.04.

## Unisys steady despite revenue decline

By Louise Kehoe  
in San Francisco

First-quarter earnings at Unisys, the US computer manufacturer, have declined after a charge of \$7.7m for maintenance business, although earnings were in line with expectations.

The company's first-quarter earnings of 17 cents a share, fully diluted, after a charge of \$7.7m for maintenance business, were in line with expectations. In the same period last year, net income was \$260.5m, or

\$1.06, including a gain of \$1.06 from accounting changes.

Comparable earnings per share, before special items, were 21 cents in the quarter against 20 cents last year.

Total revenues declined to \$1.1bn in the quarter, compared with \$1.91bn. Strong growth in services revenues was more than offset by declines in product and maintenance, the company said.

Unisys blamed lower revenues for the decline in its operating income. Partially offsetting this fall was a 10.7 per cent cut in total costs and expenses.

"We were pleased with our performance in the quarter," said Mr Bruce Unruh, chairman and chief executive. "Revenue and orders were expected to decline, but they were better than anticipated, particularly in our European and services units."

However, services revenue grew by 11 per cent, and were

up even in Europe, Mr Unruh noted. During the quarter, Unruh repurchased 1.1 million shares of the company's common stock.

"As we move through 1994, we will deal with ongoing structural change in the industry and maintain a focus on reducing costs. Our goal is to achieve growth in 1994, which is dependent on improvement in Europe and Japan in the second half of the year, and is a bigger challenge," said Mr Unruh.

## Du Pont settles 220 fungicide claims

By Richard Waters  
in New York

Du Pont, the US chemicals group, has agreed to pay \$214m to settle 220 claims stemming from use of its fungicide Benlate, leaving 270 cases still to be resolved.

The settlements, which the company said were covered by previous provisions, stem from claims by farmers that a version of Benlate withdrawn from the market in 1987 caused damage to crops.

Du Pont had at one stage agreed to pay compensation to all Benlate users, though it withdrew the offer in 1982 when it received new information suggesting the fungicide did not cause crop damage. Before the latest settlements, some 70 cases had been disposed of either by court judgments or settlements.

The company had set aside \$478m after tax to meet Benlate payments which exceeded its insurance cover. It did not say how much of the latest \$214m was covered by insurance.

Du Pont continued to insist the fungicide was not defective, and said it was settling the cases only because of the high costs associated with defending them.

## Australian gold miner up slightly

Placer Pacific, the Australian-based gold-mining company, reported after-tax profits of \$20.8m (US\$14.5m) in the three months to end-March, writes Nikki Tait in Sydney.

This compared with \$19.3m in the same period of the previous year. Earnings were up 10 per cent from \$17.5m in the first quarter of 1993.

Placer attributed the increase in earnings to higher selling prices and reductions in operating costs. Gold production from the company's mines in the Yukon, Fortuna and Kidston gold-mines met its target.

However, production from the Granny Smith mine was lower than projected. The average price received per ounce of gold in the first quarter was \$356, against \$356 in the first quarter of 1993. Placer also said its feasibility study of the Osborne copper/gold project in north-west Queensland was complete.

## Argentaria denies it will be forced to drop Banesto bid

By Tom Burns in Madrid

Argentaria, the state-controlled Spanish banking corporation partially privatised last year, has dismissed speculation that it would be forced to drop out of today's auction to acquire Banesto.

The auction is the final chapter in the crisis sparked by the Bank of Spain's intervention in Banesto last year. Banesto, the fourth biggest domestic bank, has since absorbed some \$4bn in one of the largest support operations ever mounted for a financial institution.

The conservative opposition party, Partido Popular, has expressed reservations about an Argentaria bid. The party

amount to a nationalisation of part of the banking system - Banesto has a 10 per cent share of the financial sector - and would give the state-controlled institution a clear lead over private institutions.

There has also been concern that an Argentaria acquisition would allow Mr Felipe Gonzalez's socialist government to muzzle its media critics. Banesto has considerable shareholdings in the private television station Antena 3, in the news weekly *Epoca* and in the Madrid newspaper *El Mundo*, all of which have been at the forefront of a recent spate of corruption exposures.

Argentaria said it was

unaware of any pressures from the economy ministry's corporate holding, the Patrimonio del Estado, which owns 80 per cent of its equity. "We operate as commercial bank in a free market and we have a free hand to bid," it said.

Argentaria's board - and those of Banco Bilbao Vizcaya, BBV, and Banco Santander, the rival contenders for Banesto - will meet today to vote on a price for the bid.

The sealed bids, likely to be in the Ptas230bn-Ptas240bn (\$1.6bn-\$1.74bn) range, will be delivered to the Bank of Spain just before the Madrid market closes. The winner will be announced before the markets open on Tuesday.

## Lean year for Japan's stores

By Erika Terazono  
in Tokyo

Japanese department stores are continuing pressure on profit margins as they seek to maintain sales of luxury products and turned to discount retailers.

The stores have faced mounting retail competition from specialist retailers in items such as suits, handbags and shoes.

Mitsukoshi, the most prestigious, reported its second consecutive parent pre-tax loss for the year ended in February. The retailer, which recorded an operating loss of ¥1.2bn

(¥1.2bn) and an after-tax loss of ¥3.3bn, said it posted double-digit losses in sales of its electrical appliance and household products divisions.

However, the company will maintain its dividend of ¥6 per share. For the full year to next February, it hopes to return to the black with a pre-tax profit of ¥2bn on a 1.2 per cent fall in sales, to ¥792bn.

In spite of its pre-tax profit decline, Mitsukoshi posted a 3.7 per cent rise in after-tax profits, to ¥1.5bn, thanks to asset sales. Operating profits also rose 3.3 per cent to ¥9.4bn.

The company will cut its annual dividend to ¥7.5 from

¥10, and has skipped payments of executive bonuses, which totalled ¥11m the previous year. For the current year to next February, it expects an 11.1 per cent rise in pre-tax profits, to ¥3bn, on a 2.2 per cent fall in sales to ¥702bn.

For the year to January, Marui saw a 10.7 per cent fall in men's clothing and sports goods sales, while sales of household items fell 7.4 per cent. Financial income was also hit by a fall in interest rates.

For the full year to next January, it expects a 12.7 per cent fall in pre-tax profits to ¥26bn on a 0.6 per cent rise in sales to ¥510bn.

## Italcementi seeks to raise L550bn via issue

By Andrew Hill  
in Milan

Italcementi, Italy's largest cement group, is seeking shareholder approval for an issue of new shares to raise L550bn (\$340m) for the company.

The group, headed by the Italian industrialist Mr Giampaolo Pansa, owns Cimentis, France's second largest cement producer. It said it would use the cash to take advantage of "some good opportunities" for acquisitions in an "overheated" European market.

Separately, Italcementi is seeking to raise shareholders' authority to raise its capital by up to L550bn nominal over the next five years, and to convertible and ordinary bonds up to the same amount.

"This company prefers to

use the funds in-house to carry out expansion operations," said a spokesman on Friday, when the issue was announced.

Italcementi will seek permission for the issue of 17.5m new ordinary shares, at L32 each, and L1.1bn of new savings shares, at L100 each. The total will reach L1.425bn and L1.487bn.

A further L160.9bn could be raised through the conversion of warrants attached to each new share, on the basis of one more new share, priced at L10,000, for each L100,000 of savings shares.

Italcementi, the holding company which controls 100 per cent of Italcementi, announced a similarly complex capital issue last September to raise L280bn. This will help with its acquisition in the Italcementi issue.

## Noranda back to the black with C\$44m

A weak Canadian dollar, improved rates and improved prices in some commodity prices helped Noranda, the Canadian resources group, return to profitability in the first quarter, writes Bernard Simons in Toronto.

Earnings were C\$44m (US\$31.2m), or 18 cents a share, compared with a C\$10m loss, or 25 cents, a year earlier.

Operating income rose to C\$140m from C\$125m. Last year's figure included a C\$60m loss on the sale of Noranda's controlling stake in Macmillan Bloedel, the forest-products group.

Mining and metal operations turned from a C\$2m loss to a C\$17m profit, due to higher output and improved aluminium and gold prices. Operating earnings from forest products rose to C\$27m from C\$16m, and from oil and gas to C\$28m from C\$11m.

## ABN-AMRO Holding N.V.

incorporated in Amsterdam

### GENERAL MEETING OF SHAREHOLDERS

The annual General Meeting of Shareholders of ABN AMRO Holding N.V. will be held at 22, Foppingadreef, Amsterdam 1017 CA on Friday, 6 May 1994.

- 1 Report of the Managing Board for the year 1993.
- 2 Approval of the 1993 financial statements adopted by the Supervisory Board. This approval will ratify the actions of the Managing Board and Supervisory Board, in accordance with article 37(5) of the articles of association.
- 3 Report of the Supervisory Board.
- 4 Authorisation of the Managing Board for a period of eighteen months as from today to have the company acquire for a consideration shares in its own capital up to such number as may, by virtue of the provisions of section 88(2) of Book 2 of the Netherlands Civil Code, be so acquired by the company at that particular point of time by means of any agreement, including stock market and private transactions. The price shall be between the nominal value of the shares and 110% of the market value, which is understood to mean the average of the highest share prices on each of the last five days of trading preceding the date of acquisition, as published in the Official Price List of the Amsterdam Stock Exchange, without prejudice to the provisions of section 164 of Book 2 of the Netherlands Civil Code.
- 5 Authorisation of the Managing Board for a period of five years starting as from today, subject to the approval of the Supervisory Board, to issue ordinary shares, convertible preference shares and preference shares (including the granting of pre-emptive rights in respect of such classes of shares) up to the number of shares of any such class which have not been issued and for which no pre-emptive rights have been granted, subject however to an aggregate maximum amount equal to 50% (fifty per cent) of the aggregate current amount of the authorised capital, on such dates, at such prices, provided not below par and subject to the provisions of section 80(2) of Book 2 of the Netherlands Civil Code, and on such terms as the Managing Board, with the approval of the Supervisory Board, shall determine on the occasion of each issue.
- 6 Authorisation of the Managing Board for a period of five years starting as from today, subject to the approval of the Supervisory Board, to restrict or exclude the pre-emptive rights granted to shareholders by law or the articles of association in the case of the issue of ordinary shares and convertible preference shares, and to grant rights to take such shares, by virtue of the authorisation defined under item 5 above, up to an aggregate maximum amount equal to 30% (thirty per cent) of the total number of ordinary shares and convertible preference shares in the current capital.
- 7 Any other business.

The agenda and the annual report for the year 1993, including the financial statements, are open for inspection and may be obtained free of charge at the office in Amsterdam, 595 Herengracht and the banks mentioned below.

All shareholders and holders of depositary receipts may attend the meeting either in person or by a proxy authorised in writing, provided that the holders of bearer shares and depositary receipts have deposited their share certificates and depositary receipts, respectively, not later than Monday, 11 May 1994, at one of the following banks:

any office of  
ABN AMRO N.V.  
United Kingdom: National Westminster Bank Plc., (Stock Office Services, Station Way, Crawley),  
ABN AMRO N.V. (London, Birmingham, Manchester)

Holders of registered shares wishing to attend the meeting either in person or by a proxy authorised in writing must inform the Managing Board of the company in writing of their intention to do so (P.O. Box 800, 1000 AP Amsterdam) not later than Monday, 2 May 1994.

Persons other than shareholders and holders of depositary receipts who are entitled to attend the meeting must also notify the Managing Board of the company in writing of their intention to do so not later than Monday, 2 May 1994.

Subject to the provisions in the Articles of Association, holders of ordinary shares and preference shares may exercise their voting rights at the meeting.

The receipt in exchange for the deposited shares or depositary receipts will serve as the attendance card for the meeting. The holders of registered shares will receive an attendance card by post.

The report referred to in article 11 of the Trust Conditions of Stichting Administratiekantoor ABN AMRO Holding on the activities performed by the Trust Office during the year under review is included in the company's annual report.

The Managing Board,

Amsterdam, 20 April 1994

## ABN-AMRO Holding N.V.

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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 5 1/8 per cent. per annum and that the interest payable on the relevant interest payment date, 21st July 1994 against Coupon No. 39 will be £87.63 from Notes of £50,000 nominal and £87.78 from Notes of £5,000 nominal.

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Notice is hereby given that the notes will bear interest at 5.25% per annum from 25 April 1994 to 25 July 1994. Interest payable on 25 July 1994 will amount to £21,157.04 per ECU100,000 and £2,115.70 per ECU10,000 note.

Agent: Morgan Guaranty Trust Company  
**JPMorgan**

**NOTICE OF REDEMPTION**  
**MUTUAL SECURITIES (NO.3) PLC**  
£117,000,000 Multi-Class Mortgage Floating Rate Notes due 2001

Notice is hereby given that, pursuant to Condition 5(c) of the Notes, the latter shall redeem:

- 27,775.00 per Class A1 Note
- 20.00 per Class A2 Note
- 20.00 per Class A3 Note

on the next Interest Payment Date, being April 29, 1994.

**MUTUAL SECURITIES (NO.3) PLC**  
Dated: April 20, 1994

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The Emerging Investor / William Barnes

# Middle classes back Thai unit trusts

The unexpected popularity of Thai-based unit trusts owes much to the eager demand from Bangkok's burgeoning middle class as to the timing of foreign fund managers.

After two years of strong growth, unit trusts have attracted about \$7bn, or some 7 per cent of the Bangkok market's capitalisation, overturning the notion that Thai investors will shun managed funds for the personal thrill of hunting for quick rewards.

"What we have seen so far is only the tip of the iceberg - more and more people realise that they have not got the time to try to follow every twist and turn of the stock market," said Mr Yingyong Nilasena, vice-president for research at Thai Farmers Asset Management. The eight companies currently permitted to issue unit trusts - referred to as mutual trusts in Thailand - have tapped not only Bangkok's middle class but also strong demand from the supposedly sophisticated provinces, where investors apparently feel more confident from the Bangkok market rumour mill.

Mr Peter Emblin, a senior vice-president at Investment Management, said: "A year ago almost all the money going into our new funds came from Bangkok; 70 per cent of the money in our latest fund still came from Bangkok, and nearly two-thirds of the unit holders are from up country."

Many foreign fund managers have quickly spotted the attractions of closed-end Thai unit trusts that usually trade at a discount to the value of their portfolios.

A fifth may already be in the hands, becoming particularly popular with managers near the top of last year's sharp rally in Thai shares.

Unit trusts have a number of advantages over direct investment: there are no limits to foreign ownership of unit trusts; they are not subject to foreign share ownership limits so they do not have to pay the premium that often attaches to "foreign" shares; they pay only 10 per cent of their profits compared to the 20 per cent levied on overseas funds.

Thailand's powerful central banks have become enthusiastic converts to fund management, which is seen as a useful source of income at a time when the Bank of Thailand is pressuring banks to reduce their traditionally wide and profitable spreads between lending and deposit rates.

The biggest bank - Siam Commercial Bank, Bangkok - has stuck to advertising and their own sales force to acquire nearly half the money invested in unit trusts, as at the end of January 1994.

Ten best performing stocks				
Company	Country	Price	Dividend	% on week change
Excelsior Yarn	Turkey	0.1828	0.0321	1.37
Otosan	Turkey	0.1828	0.03048	13.87
Formosa Chemical & Fibre	Taiwan	1.2188	0.115	13.45
C.P. Feedmill	Thailand	6.3737	0.115	13.45
Chang Hwa Bank	Taiwan	0.6188	0.115	13.24
Hua Nan Commercial Bank	Taiwan	1.1111	0.115	12.71
Hyundai Engineering	S.Korea	0.115	0.115	11.40
Indocharon Utama	Indonesia	0.115	0.115	10.37
Finance One	Thailand	14.4101	0.115	10.37
Tan Chong Motor Holdings	Malaysia	1.2118	0.115	10.37

The Bangkok Bank expects that from next month its customers will be able to use their ATM cards to transfer money to and from units in the bank's management affiliate, only two years after this was first done in the US, which has a long-established mutual fund industry.

Fund managers admit that this year's one third slide in share prices and the upturn in interest rates has bruised a lot of their often first-time customers, who bought in last year's bull run.

Mr Emblin says that it is an education. "They are missing the fact that 80 per cent of funds outperformed the market on the way down, so they have done what they are supposed to do."

However, others, like Mr Emblin, say that many companies sold unit trusts aggressively on

past performances of only a few months. "Last year people simply thought they were better than bank deposits which were paying lousy interest," he says. "I suspect that the people who bought the unit trusts were not very sophisticated."

Yet if the image of trusts has been tarnished they were being created at the rate of seven a month during the first quarter of this year.

Although 90 per cent of unit trusts are currently closed-end, Mr Thawat Angsuwarungsri, managing director of Siam Mutual Management, the Bangkok-based unit trust company, predicts they will be rapidly overshadowed by open-ended funds.

"I think it was wrong to lock people into closed-end funds without telling them the risks. Now people want the flexibility of open-ended funds," he said.

Commission expects to license only a further six or seven fund managers, the requirement that every 25 per cent holder in either a financial institution or an insurance company limits the number of participants.

Fund managers complain that the industry is currently the subject of a Securities and Exchange Commission ban on diversifying overseas; this is particularly concerning given the use of derivative instruments in the local market.

Although the SEC says that it may soon relax its rules pending clarification of permitted overseas investments, the central bank, the Bank of Thailand, is worried that such a move could further exacerbate a worrying national savings gap.

However, Mr Emblin says that the Thai Asia Mutual Fund said: "Diversification would actually help stabilise the local market because investors would be tempted to withdraw their funds if the Bangkok market turns down. So in that sense it would be a good thing."

Seven of the eight companies currently authorised to create mutual funds only opened their books in March 1992, yet Thai-denominated funds have proved extremely popular, helped by last year's sharp rise in share prices and low interest rates.

## Mexico

The finance ministry has said that foreign financial institutions, including banks, brokerage firms and insurance companies, will be allowed to begin operating in Mexico in the second half of 1994.

The new ruling will not be open to just US and Canadian financial institutions, but will be extended to other overseas institutions that have a branch in one of those two countries.

Mexican equities were volatile last week following the sharp rise in interest rates. Kleinwort Benson, in its latest Latin American bulletin, remains reasonably cheerful about the situation. "If, for the foreseeable future, 10 per cent is to be the real interest rate that foreigners demand for the risk of selling their dollars at 3.36 pesos, then the current gloom will have been well founded, and even 2 per cent GDP growth may prove to be too optimistic," they say.

It would, however, remind investors that eight months remain of this year, that the exchange rate has already dropped 6 per cent since January and that government spending remains heavy. It is our view that any signal that interest rates can ease by 6 per cent or 7 per cent will calm many of the market's current worries.

## Turkey

The Istanbul equity market lost 18 per cent over the week, with most of the selling following from a crisis in the country's banking system. The stock exchange suspended



## News round-up

trading in Marbank, a small trade finance bank, during the week, after the Treasury closed down the Istanbul-based Turkish Tourism and Investment bank.

The government is intending to introduce new laws which will give more power to the central bank to defend the system.

## Prague

The Czech economy should grow by an annual rate of 7 per cent by 1998, with inflation slowing to 6 per cent, according to a report released by Salomon Brothers.

## Strategy

North African markets showed good first quarter performances, extending last year's gains, according to research published last week by Kleinwort Benson, the US-based independent group, which analyses emerging banking and securities markets.

Egypt, Morocco and Tunisia saw respective local gains in the first three months of 1994 of 17 and 18 per cent, largely, Kleinwort Benson, on optimism over economic improvement.

privatisation and increased foreign investor interest.

Cyprus's OTC market was another notable riser, climbing 14 per cent in local terms and thereby reversing 2 years of decline.

## Amman

The Amman stock exchange continued a downward trend at the end of the week's trading on worries concerning Jordan's economic role following the implementation of a PLO-Israel accord.

The general price index fell 1 per cent to 156.9. Brokers said that sentiment was not helped by a liquidity shortage accentuated by a fall in overall demand in the economy. Turnover last week dropped 24 per cent.

## Chile

Shareholders of Endesa, Chile's main electricity producer, have authorised the company to raise 48.4m pesos (\$115m) in new capital, including a placement of ADRs in July or September.

Mr Jose Yurassek, president, said that the company hoped to raise \$50m through the placement.

## CURRENCY MARKETS

# Outlook for dollar remains the focus

The dollar will be the focus of attention this week as markets ponder the weekend US meeting, the release of US GDP figures, and the likely election of a new Japanese prime minister.

Although meetings rarely produce any comment on currencies, markets were nervous last week that rumours of concerted central bank intervention to support the dollar might presage some sort of G7 initiative.

Extensive dollar purchases by the Bank of Japan have kept the dollar fairly steady at Y108 to Y106 in recent weeks. Increasingly, though, the danger for the dollar is seen to lie on the downside, with many analysts predicting that it will test the Y100 level.

An important factor will be the confirmation today by the Japanese parliament of Mr Tomioka Hata, formerly prime minister, said last Friday that his passage in the budget, delayed over the past month, would be a priority.

He also said the trade dispute with the US should be resolved by the time of the G7 summit in industrialised nations in July. Successful resolution of these two issues should help the dollar.

In the near term, the release on Thursday of the advance US first quarter GDP figure will be closely watched. A robust growth figure - the market is

looking for about 3.5 to 3.7 per cent - will certainly hasten the prospect of a further tightening of policy by the Fed. It is doubtful, though, whether this will help the dollar.

Recent dollar weakness appears to have been a function of uncertainty in US equity and bond markets. The outlook for the dollar is, therefore, likely to be determined by how these markets respond to the GDP figure.

Both fall after the last policy tightening. The risk of a capital loss in US equity and bond markets is reduced, the dollar is likely to remain under pressure.

In Europe an important event will be the release on Friday of the French

unemployment figure for March. A deterioration from last month's figure of 12.3 per cent will intensify pressure for a relaxation of monetary policy. If the rate is raised, the franc is likely to come under renewed pressure.

In Germany the release of M3 and inflation data is expected to bolster the case for further monetary easing.

Elsewhere, attention will focus on South Africa's first democratic election, a relatively peaceful transition, and an unconditional election, will probably result in a sharp appreciation of the commercial and financial

markets. Violence and dissension, however, could well have the opposite effect.

## FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded against four key currencies) on Friday, April 22, 1994. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Currency	US \$	DM	Yen	£	Currency	US \$	DM	Yen	£
Algeria (Dinar)	133.33	17.48	100.00	1.36	Guinea (Leone)	25.00	1.00	100.00	1.36
Argentina (Peso)	100.00	1.36	100.00	1.36	Hong Kong (Dollar)	1.00	1.36	100.00	1.36
Australia (Dollar)	1.00	1.36	100.00	1.36	India (Rupee)	1.00	1.36	100.00	1.36
Brazil (Real)	1.00	1.36	100.00	1.36	Indonesia (Rupiah)	1.00	1.36	100.00	1.36
Canada (Dollar)	1.00	1.36	100.00	1.36	Israel (Sheqel)	1.00	1.36	100.00	1.36
Chile (Peso)	1.00	1.36	100.00	1.36	Italy (Lira)	1.00	1.36	100.00	1.36
Colombia (Peso)	1.00	1.36	100.00	1.36	Japan (Yen)	1.00	1.36	100.00	1.36
Czech Republic (Czech Koruna)	1.00	1.36	100.00	1.36	Korea (Won)	1.00	1.36	100.00	1.36
Denmark (Krone)	1.00	1.36	100.00	1.36	Malaysia (Ringgit)	1.00	1.36	100.00	1.36
Egypt (Pound)	1.00	1.36	100.00	1.36	Mexico (Peso)	1.00	1.36	100.00	1.36
France (Franc)	1.00	1.36	100.00	1.36	Morocco (Dirham)	1.00	1.36	100.00	1.36
Germany (Mark)	1.00	1.36	100.00	1.36	Netherlands (Guilder)	1.00	1.36	100.00	1.36
Greece (Drachma)	1.00	1.36	100.00	1.36	New Zealand (Dollar)	1.00	1.36	100.00	1.36
Hong Kong (Dollar)	1.00	1.36	100.00	1.36	Norway (Krone)	1.00	1.36	100.00	1.36
India (Rupee)	1.00	1.36	100.00	1.36	Poland (Zloty)	1.00	1.36	100.00	1.36
Indonesia (Rupiah)	1.00	1.36	100.00	1.36	Portugal (Escudo)	1.00	1.36	100.00	1.36
Israel (Sheqel)	1.00	1.36	100.00	1.36	Romania (Leu)	1.00	1.36	100.00	1.36
Italy (Lira)	1.00	1.36	100.00	1.36	Saudi Arabia (Riyal)	1.00	1.36	100.00	1.36
Japan (Yen)	1.00	1.36	100.00	1.36	South Africa (Rand)	1.00	1.36	100.00	1.36
Korea (Won)	1.00	1.36	100.00	1.36	Spain (Peseta)	1.00	1.36	100.00	1.36
Malaysia (Ringgit)	1.00	1.36	100.00	1.36	Sweden (Krona)	1.00	1.36	100.00	1.36
Mexico (Peso)	1.00	1.36	100.00	1.36	Switzerland (Franc)	1.00	1.36	100.00	1.36
Morocco (Dirham)	1.00	1.36	100.00	1.36	Taiwan (Dollar)	1.00	1.36	100.00	1.36
Netherlands (Guilder)	1.00	1.36	100.00	1.36	Thailand (Baht)	1.00	1.36	100.00	1.36
New Zealand (Dollar)	1.00	1.36	100.00	1.36	Turkey (Lira)	1.00	1.36	100.00	1.36
Norway (Krone)	1.00	1.36	100.00	1.36	United Kingdom (Pound)	1.00	1.36	100.00	1.36
Poland (Zloty)	1.00	1.36	100.00	1.36	United States (Dollar)	1.00	1.36	100.00	1.36
Portugal (Escudo)	1.00	1.36	100.00	1.36					
Romania (Leu)	1.00	1.36	100.00	1.36					
Saudi Arabia (Riyal)	1.00	1.36	100.00	1.36					
South Africa (Rand)	1.00	1.36	100.00	1.36					
Spain (Peseta)	1.00	1.36	100.00	1.36					
Sweden (Krona)	1.00	1.36	100.00	1.36					
Switzerland (Franc)	1.00	1.36	100.00	1.36					
Taiwan (Dollar)	1.00	1.36	100.00	1.36					
Thailand (Baht)	1.00	1.36	100.00	1.36					
Turkey (Lira)	1.00	1.36	100.00	1.36					
United Kingdom (Pound)	1.00	1.36	100.00	1.36					
United States (Dollar)	1.00	1.36	100.00	1.36					

Special Drawing Rights April 21, 1994 United Kingdom £1=10.6667 US Dollar \$1=0.6936 German Mark DM1=3.3750 Japan Yen ¥1=0.0094 Swiss Franc CHF 1=0.7558 Australian Dollar A\$1=0.6936 New Zealand Dollar NZ\$1=0.6936 Canadian Dollar C\$1=0.6936 Hong Kong Dollar HK\$1=0.1000 Singapore Dollar S\$1=0.6936 Thai Baht ฿1=0.0333 Philippine Peso ₱1=0.0220 Indonesian Rupiah Rp1=0.0007 Malaysian Ringgit RM1=0.3333 South African Rand R1=0.0667 Israeli Sheqel ₪1=0.0333 Turkish Lira ₺1=0.0007

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Emiko Terazono

## Patrick Harverson

**Benchmark yield curve (%)**

20-year — 30-year - - -

7.50  
7.00  
6.50  
6.00  
5.50  
5.00  
4.50  
4.00  
3.50

0 10 years 20 30

70 yields are projected from 1981  
Source: Merrill Lynch

figures out this week is the latest consumer confidence index (tomorrow), which is expected to be broadly flat and will be followed later in the week by data on consumer spending and personal income.

The March durable goods index also due out. Finally, new home sales on Friday should show a sharp snapback in March sales following the weather-related declines of January and February.

## Philip Coggan

Year	20-year (solid)	25-year (dashed)	30-year (dotted)
1980	4.50%	4.50%	4.50%
1981	7.80%	7.50%	7.50%
1982	7.50%	7.20%	7.20%
1983	7.20%	7.00%	7.00%
1984	7.10%	7.00%	7.00%
1985	7.00%	7.00%	7.00%
1986	7.00%	7.00%	7.00%
1987	7.00%	7.00%	7.00%
1988	7.00%	7.00%	7.00%
1989	7.00%	7.00%	7.00%
1990	7.00%	7.00%	7.00%

20 years, 25 years, 30 years, 20/25/30

net gift sales in 1994-95 will be less than half those needed in 1993-94.

Last week's statistics, which included a sharper-than-expected jump in retail sales and a fall in unemployment, seem to have dashed hopes of a rate cut in the near future. But gilts, helped by a rally in US bonds, held up quite well. Mr Walton said: "When long yields get close to 8 per cent, the market seems to bounce off that level."

## Christopher Parkes

**Germany**

Benchmark yield curves for 22/4/94 and March 95

Years	22/4/94 (%)	March 95 (%)
0	5.25	5.10
5	6.25	6.00
10	7.00	6.75
15	7.25	7.00
20	7.10	6.90

All yields are marked conventions  
Source: Merrill Lynch

The main regional inflation figures are also due in. Last Friday, Baden-Württemberg reported a 0.3 per cent month-on-month rise and a 3.1 per cent annual rate.

At the same time, west German March producer prices were reported up 0.3 per cent year-on-year. This could suggest industry shares some of Mr Rexrodt's optimism and will try to claw back some of the margin cuts it has borne over the past 18 months.

Emiko Terazono

**Benchmark yield curve 1990-2004**

2004 Mid 1990s

4.50  
4.00  
3.50  
3.00  
2.50  
2.00  
1.50

1990 1992 1994 1996 1998 2000 2002 2004

10-year

All yields are market convention  
Source: Merrill Lynch

The industrial production data are among those likely to be affected by year-end factors. Corporations are likely to have pushed up output to boost the figures, and lower prices to raise shipments.

# Banking on the new South Africa

For the moment, therefore, most analysts expect the focus to remain on the domestic market.

Big bond issuers are the government and parastatals, such as Escom and Transnet, the transport, mail and ports authority. Some local companies have also dipped into the market, most notably blue-chip industrial South African Breweries. The bond market is con-

There is substantial foreign ownership, and non-residents hold an estimated R40bn in South African capital market stock. These non-resident investors have tended to be Swiss or German, but bankers say some started to take profits last year. The new wave of foreign investment has largely come from the US.

bonds are government stock and Escom, with the two benchmarks being the R15 and the E168. The latter, in particular, is popular with foreign investors, particularly from



Year	1997	1998	1999
1997	1.75	1.75	1.75
1998	1.75	1.75	1.75
1999	1.75	1.75	1.75
2000	1.75	1.75	1.75
2001	1.75	1.75	1.75
2002	1.75	1.75	1.75
2003	1.75	1.75	1.75
2004	1.75	1.75	1.75
2005	1.75	1.75	1.75
2006	1.75	1.75	1.75
2007	1.75	1.75	1.75
2008	1.75	1.75	1.75
2009	1.75	1.75	1.75
2010	1.75	1.75	1.75
2011	1.75	1.75	1.75
2012	1.75	1.75	1.75
2013	1.75	1.75	1.75
2014	1.75	1.75	1.75
2015	1.75	1.75	1.75
2016	1.75	1.75	1.75
2017	1.75	1.75	1.75
2018	1.75	1.75	1.75
2019	1.75	1.75	1.75
2020	1.75	1.75	1.75
2021	1.75	1.75	1.75
2022	1.75	1.75	1.75
2023	1.75	1.75	1.75
2024	1.75	1.75	1.75
2025	1.75	1.75	1.75
2026	1.75	1.75	1.75
2027	1.75	1.75	1.75
2028	1.75	1.75	1.75
2029	1.75	1.75	1.75
2030	1.75	1.75	1.75
2031	1.75	1.75	1.75
2032	1.75	1.75	1.75
2033	1.75	1.75	1.75
2034	1.75	1.75	1.75
2035	1.75	1.75	1.75
2036	1.75	1.75	1.75
2037	1.75	1.75	1.75
2038	1.75	1.75	1.75
2039	1.75	1.75	1.75
2040	1.75	1.75	1.75
2041	1.75	1.75	1.75
2042	1.75	1.75	1.75
2043	1.75	1.75	1.75
2044	1.75	1.75	1.75
2045	1.75	1.75	1.75
2046	1.75	1.75	1.75
2047	1.75	1.75	1.75
2048	1.75	1.75	1.75
2049	1.75	1.75	1.75
2050	1.75	1.75	1.75
2051	1.75	1.75	1.75
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2056	1.75	1.75	1.75
2057	1.75	1.75	1.75
2058	1.75	1.75	1.75
2059	1.75	1.75	1.75
2060	1.75	1.75	1.75
2061	1.75	1.75	1.75
2062	1.75	1.75	1.75
2063	1.75	1.75	1.75
2064	1.75	1.75	1.75
2065	1.75	1.75	1.75
2066	1.75	1.75	1.75
2067	1.75	1.75	1.75
2068	1.75	1.75	1.75
2069	1.75	1.75	1.75
2070	1.75	1.75	1.75
2071	1.75	1.75	1.75
2072	1.75	1.75	1.75
2073	1.75	1.75	1.75
2074	1.75	1.75	1.75
2075	1.75	1.75	1.75
2076	1.75	1.75	1.75
2077	1.75	1.75	1.75
2078	1.75	1.75	1.75
2079	1.75	1.75	1.75
2080	1.75	1.75	1.75
2081	1.75	1.75	1.75
2082	1.75	1.75	1.75

Year	Est. pop.	Cash rate
1905	975,354	441,229
1906	1,117,411	581,404
1907	1,244,000	622,587

## International / Conner Middelmann

## Budding Greek sector needs controls

one-year pay floating interest rates pegged to 12-month Treasury bills. . . One-year Treasury bills currently yield 18 1/2 percent.

Traders are divided over the yield pick-up Greek government debt should pay over supranational Marathons, with estimates ranging between 100 and 150 basis points. While some argue that the Greek government will always be able to repay drachma debt, others should not have to pay a risk premium over supranational borrowers, others point out that Spain has set a different precedent. The average spread of new government bonds over Matadors was about 100-150 basis points," says one

banker. Mr. Kyriazides says "The pick-up should not be more than around one point. But while drachma bonds offer hefty returns, investors should also be aware of the

For one, there is the dramatic ma's creeping devaluation of the drachma, which reflects the inflation differential between Greece and the European Union averaging 10.2 per cent. However, after weakening in 1991, the drachma rose 8 per cent against the D-Mark in 1992 and 10.2 per cent in 1993, the drachma is expected to decline less sharply this year as the inflation differential narrows further.

There is also some political risk as the presidential elections in May 1995 approach. With no two-thirds majority is found for any one candidate, new elections will be held.

Price	Yield %	Launch spread bp	Book Author
-------	---------	------------------	-------------

0.82R	0.355+28	(74%-88)	Daimler Europe
1.57R	0.952+30	(54%-64)	AGM Aero Bank

00.00	0.250	By: Indonesia, Belgium
02.05	6.133	HE
11.95	8.284	HS

[illegible]

500. Collable from 9/5/98 subject to 140% rule. Single with FF212a. Plan 78 days accrued: n 3-wk thereafter, at par. 5 Collable and payable in 3 yrs @ 8-mth IRR -0.385% for first 3 yrs, with 2.6% for 1 yr. All are calculated on BBA basis.

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

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These dividends will be paid on 28th April, 1994 to registered shareholders of the Funds who were on the register at 18th April, 1994.

These dividends will be paid from 28th April, 1994 to bearer shareholders of the Fund against presentation of coupon No. 100 for the Dollar Global

Bond Fund, coupon No. 13 for the Yen Global Equity Fund, coupon No. 14 for the Yen Global Equity Fund, coupon No. 15 for the Yen Global Bond Fund, coupon No. 1 for the Sterling Global Bond Fund and coupon No. 5 for the DM Global Equity Fund at any of the company's paying agents including its credits paying agent in the United Kingdom:

**SECURITIES & CO. LTD.**

[redacted] Paying Agency, 21 Finsbury Avenue, London EC2M 1BB

from whom claim forms can be obtained. United Kingdom tax will be deducted from claims in the United Kingdom at the rate of 25%, unless claims are accompanied by an affidavit.

25th April 1994

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**SECURITIES & CO. LTD.**

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from whom claim forms can be obtained. United Kingdom tax will be deducted from claims in the United Kingdom at the rate of 25%, unless claims are accompanied by an affidavit.

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EQUITY MARKETS: This Week

NEW YORK

Frank McGurty

Bonds hold key to price endurance

Investors this morning are wondering if the market has finally established a floor to support share prices. If so, will it eventually provide a platform for a sustained upturn? The answers, as usual, may lie in bonds. The direction which stocks took last week, in the days following Mr Alan Greenspan's Monday morning surprise, has encouraged a few more market observers to raise their heads above the parapet and look optimistically toward the horizon.

The big lift came Thursday, when news of IBM's robust first-quarter results inspired a 53-point blue-chip rally. The surge suggested a mild reaction to the Federal Reserve's third move to tighten money at the beginning of the week. A steady market on Friday reinforced that view.

In the short-term, Mr Gregory Nis, technical analyst at Kemper Securities in Chicago, sees good potential for a "limited upside" this week, with the Dow industrials possibly testing the 3,700 level if bonds continue to firm.

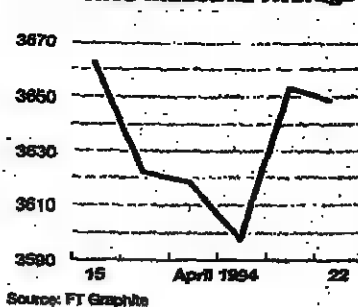
My hunch is that we are at the beginnings of trading range that could easily take up the rest of the second quarter," says Mr Nis, although he cautions there is still evidence to suggest the correction in share prices is not over.

The key remains long-term interest rates, as reflected in the yield bid on the benchmark 30-year Treasury bond. Mr Nis believes blue chips could move higher if the yield approaches the 7.00 per cent level.

Late Friday, it was hovering near 7.25 per cent, down from 7.41 per cent at Monday's close.

Mr Hugh Johnson, chief investment strategist at First Albany, agrees rates will continue to rule, but he

Dow Jones Industrial Average



Source: FT Graphs

sees the likelihood of more volatility ahead.

"Where we go from here will depend very much on how the leading indicators of inflation play out of the next two weeks," he says. The direction of oil and industrial material prices and manufacturing data from the National Association of Purchasing Management due next week are particularly important.

"My guess is that we are likely to see more unsettling news," he says. "For that reason, the correction in stock prices is not over."

Mr Johnson says the issue is not whether the Fed will again raise rates, but how much it will need to do so before inflation expectations recede.

The issue is likely to shape Wall Street's reaction to this week's batch of corporate earnings, in particular results from General Motors.

Ms Mary Farrell, FaineWebber's market strategist, says IBM last week brought a change in psychology which allowed the market to refocus on corporate earnings, which have generally exceeded even the most optimistic forecasts.

By contrast, Mr Johnson believes investors are too concerned about the impact of higher rates on future profitability to pay much attention to first-quarter news. "You simply cannot conclude as blandly as we once did that the earnings momentum will continue."

LONDON

Terry Byland

Fundamentals replace focus on rates cut

Relieved, at least to some extent, of its fixation with the chances of a cut in UK base rates, the London stock market is expected this week to reassess the investment fundamentals. The dramatic response to Lloyd's Bank's acquisition of Cheltenham and Gloucester Building Society indicates the market's readiness to back companies regarded as making the right moves.

At a less dramatic level, fund managers are now expected to pay even closer attention to the flow of higher dividends appearing across the range of recovery sectors.

Analysts' forecasts for growth in UK dividends range to around 10 per cent in each of the next two years.

Suggestions from UK Treasury sources that high dividend payouts stave industry of investment funding are addressed by S.G. Warburg, which says the level of profits retained by companies does not seem closely-linked to levels of investment activity.

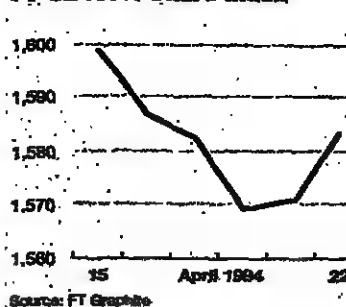
The base rate debate significantly last week with news of an unexpectedly good rise in March retail sales. The stock market believes a cut is now ruled out, on economic grounds at least, and that the Bank of England would strongly resist such a move.

A politically-inspired discounting can never be discounted entirely, but such a move would probably alarm the markets rather than encourage them.

The relaxation in near-term base rate tensions should also help the bond market, which will be good for equities as well as for the big securities houses carrying heavy losses in government stocks.

The renewed search for genuine investment value in UK equities

FT-SE-100 All-Share Index



Source: FT Graphs

covers the full range of both domestically and internationally-oriented sectors. With benefits from the UK's economic recovery already taken into share prices - Straits-Turnbull calculates that real equity returns have risen by about 55 per cent since the beginning of the upturn - analysts are measuring London market prospects in terms of economic recovery elsewhere in the world.

BZW believes the overseas earnings will soon find welcome surprises from their European operations as Germany and France move to the recovery phase. However, "sensitivity to the Far East in the UK market is quite small - 7 per cent of total market turnover".

In its list of stocks with European exposure of 30 per cent or more, BZW highlights a number of well-known names. British Steel has already attracted attention as a stock with European earnings, but Guinness, Shell, De La Rue and Radcliff have perhaps not had their due.

Reviving confidence in the motor industry, stirred by a record quarter at Chrysler, global development plans by Ford and a recovery trend at Peugeot, has brought a focus on the UK vehicle distributors which, according to S.G. Warburg, face "the most profitable period ever experienced".

Car sales are already nearly 17 per cent up this year.

OTHER MARKETS

ZURICH

BK Vision, the investment fund and largest shareholder in UBS, will use a new provision of Swiss company law at Friday's annual meeting to propose that the bank cuts its board membership from 22 to a maximum of nine. It has also submitted a motion that would require the nomination of each UBS director to be put to a separate vote by shareholders.

Ascom, the troubled telecommunications company that in effect put itself up for sale last month, presents 1993 results today, with some analysts expecting a loss for the year of up to \$100 million.

Nestlé is expected to outline first-quarter volume growth at its annual press conference on Wednesday, while Swissair will present 1993 figures on Thursday. CS Holding details 1993 results on Friday, when it will also declare its dividend for the year.

FRANKFURT

A busy week is in store for the chemicals companies, which are reporting first-quarter net profits. UBS expects a 12 per cent rise at Hoechst tomorrow, a 14 per cent advance at Bayer on Wednesday, and a 34 per cent surge at BASF on Thursday. A 9 per cent dip in second-quarter net profit is expected from Siemens today. Mercedes-Benz and Varta Batterie have their annual news conferences tomorrow.

COPENHAGEN

The Tele Danmark privatisation issue, worth up to \$3bn, begins trading on Thursday. The stock exchange will remain open late to enable trading to take place simultaneously in Copenhagen and New York. The debut for shares in the Copenhagen airport privatisation offer earlier this month proved a disappointment to investors, when the issue fell to DKK281, compared with the DKK310 striking price.

TOKYO

While the political situation has stabilised with the new government taking office today, many corporate and financial investors are still looking for selling opportunities to liquidate their portfolios around the 20,000 level. Dealers are also expected to try and square their positions ahead of the "Golden Week" holidays which start on Friday and share prices are expected to fluctuate amid low volumes.

RISK AND REWARD

US tightening trips up certain FRN investors



Floating-rate FRNs are generally perceived to be low-risk investments, but their interest rates are adjusted in line with market rates at regular intervals. Over the years, though, several exotic variations, such as perpetual floating-rate notes in the 1980s, have proved more dangerous.

The perpetual FRN market collapsed in 1992. More recently, other structures which have proved more fancy have gone under.

Although collared floating-rate notes and range floating-rate notes seemed like a good idea at the time, investors in both products misjudged the speed at which US interest rates moved.

Both collared and range FRNs are structured using a minimum coupon, or floor, of 6 per cent, investors also took a maximum coupon, or cap, of 10 per cent, as an early hedge. Later, as investor appetite for the product grew, the cap was squeezed as low as 8 per cent on some deals.

Advocates of the market point out that prices are adjusted to reflect fair value in a different interest-rate environment, as the floor of the floor declined, and that in the meantime investors have benefited from a high coupon.

However, the problem is that investors' perceptions have shifted sharply. The bulk of the \$25bn

market in collared FRNs consists of bank paper, and much of it is subordinated. It also still has a long time to run, since much was launched with 10- or even 12-year maturities. "At the time, investors didn't really take note of the subordination. It's only now that people are starting to worry," said one syndicate manager.

With three-month Libor at 4 1/2 per cent, deals are still paying a margin over Libor - the floor of 5 per cent. However, some were priced to pay a point below Libor, and are still some 10 years to run. For 10-year subordinated bank paper, that no longer seems a good deal.

Prices on collared paper, launched at around par, have fallen to about 90 for the 10-year, and about 80 for long-dated subordinated bank paper with lower caps.

Further, while many of the banks which arranged these deals say they are still making markets, other traders say the market has become illiquid. Range FRNs have, if anything, fared worse. They have one advantage - they are short-dated, with most in five-year maturities. Also, there were fewer of them - around \$3bn since the start of the year.

The notes were structured to pay an attractive rate of interest when Libor was in an initial range of, say, 3-4 per cent. The problem is that, very quickly, Libor fell outside that range, as US rates rose.

Effectively, they have become zero coupon bonds and they just don't trade any more," said one syndicate manager. "A lot of borrowers have bought back paper, for as little as 80 (from an issue price of par), because investors just don't want to hold on to it."

Among the largest investors who bought them as a play on short-term interest rates were UK building societies, according to one dealer. While they may be feeling disgruntled, investors in collared and range FRNs should know by now that high coupons up-front are bound to entail greater risk.

Tracy Corrigan

NOTICE TO THE HOLDERS OF

YAMANOUCI PHARMACEUTICAL CO., LTD.

(the "Company")

U.S.\$ 50,000,000 2 1/2% per cent.

Convertible Bonds due 2000

and

Warrants issued in conjunction with

FFY1,000,000,000 1 1/2% per cent.

due 1997 with Warrants

and

Yen 30,000,000,000 1 1/2% per cent.

Convertible Bonds due 2000

and

Warrants issued in conjunction with

U.S.\$200,000,000 1 1/2% per cent.

Notes 1997 with Warrants

The Directors of the Company at its meetings held on 5th and 13th April, 1994 resolved to issue Yen 40,000,000,000 1 1/2% per cent. Convertible Bonds due 2000 (the "Bonds") on 15th April, 1994. The Conversion Price of such Bonds is 1,379 yen shares, which is less than the current market price of Yen 2,079.70. A full list of the issues, terms of the Conversion Bonds and the Subscription Rights in conjunction with the captioned issues will be respectively adjusted as follows effective as from 22nd April, 1994 (Japan time).

1. U.S.\$50,000,000 2 1/2% per cent. Convertible Bonds due 2000

Conversion Price before adjustment: Yen 2,842.40

Conversion Price after adjustment: Yen 2,842.40

2. Warrants issued in conjunction with FFY1,000,000,000 1 1/2% per cent. Notes due 1997 with Warrants

Subscription Price before adjustment: Yen 3,157.00

Subscription Price after adjustment: Yen 3,157.00

3. Yen 30,000,000,000 1 1/2% per cent. Convertible Bonds due 2000

Conversion Price before adjustment: Yen 2,563.00

Conversion Price after adjustment: Yen 2,563.00

4. Warrants issued in conjunction with U.S.\$200,000,000 1 1/2% per cent. Notes due 1997 with Warrants

Subscription Price before adjustment: Yen 2,565.70

Subscription Price after adjustment: Yen 2,565.70

YAMANOUCI PHARMACEUTICAL CO., LTD.

By: The Sumitomo Bank, Limited as Principal Paying Agent

(for issues referred to in 1. and 3.)

(for issues referred to in 2. and 4.)

Credit Lyonnais Luxembourg S.A. Agent

(for issues referred to in 2. and 4.)

Dated: 25 April, 1994

Adjustment of Conversion Price

Albert Fisher Finance NV.

(the "Company")

5% Guaranteed Redeemable

Convertible Preference Shares 2004

(the "Preference Shares")

guaranteed on a subordinated basis by and

convertible into Ordinary Shares of

(the "Ordinary Shares")

The Albert Fisher Group PLC

(the "Group")

Notice is hereby given that following a Rights Issue to the

Guarantor's qualifying shareholders of one New Ordinary Share for

every six Ordinary Shares held at a price of 50p per New Ordinary

Share, the Conversion Price of the Preference Shares has been

adjusted from 108p to 105p. This adjustment was made with effect

from 8th April, 1994 and has been made in accordance with the Deed

poll dated 14th February.

Albert Fisher Finance NV.

25th April, 1994

THE GAN GROUP



## WORLD STOCK MARKETS

EUROPE (Apr 22 / Fri)									
Stock	Price	Change	High	Low	Vol	Open	Close	Settle	Prev
Austria (Apr 22 / Fri)									
ATX	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Belgium (Apr 22 / Fri)									
BEX	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
France (Apr 22 / Fri)									
CAC	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Germany (Apr 22 / Fri)									
DAX	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Italy (Apr 22 / Fri)									
FTSE	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Japan (Apr 22 / Fri)									
Nikkei	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Spain (Apr 22 / Fri)									
IBEX	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
UK (Apr 22 / Fri)									
FTSE 100	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
US (Apr 22 / Fri)									
Dow Jones	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Asia (Apr 22 / Fri)									
Hong Kong	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Singapore	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Africa (Apr 22 / Fri)									
South Africa	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Oceania (Apr 22 / Fri)									
Australia	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Middle East (Apr 22 / Fri)									
Israel	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Latin America (Apr 22 / Fri)									
Brazil	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Argentina	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Commodities (Apr 22 / Fri)									
Oil	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Gold	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
Indices (Apr 22 / Fri)									
ASX	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
NYSE	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
US Indices (Apr 22 / Fri)									
Dow Jones	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
S&P 500	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
NASDAQ	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
FT 1000 REPORTS SERVICE (Apr 22 / Fri)									
FT 1000	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900
FT 1000	1,910	+10	1,920	1,900	1,910	1,900	1,910	1,910	1,900

INDICES									
Index	Apr 22	Apr 21	Apr 20	High	Low	Index	Apr 21	Apr 20	High
Argentina (20/12/77)	1040.00	1700.00	1770.00	2040.00	1800	1770.00	2040		
Australia (20/12/77)	200.00	200.00	200.00	200.00	200.00	200.00	200.00		
Belgium (1/1/80)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
Brazil (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
Canada (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
France (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
Germany (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
Italy (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
Japan (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
Spain (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
UK (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
US (20/12/77)	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
US INDICES									
Index	Apr 22	Apr 21	Apr 20	High	Low	Index	Apr 21	Apr 20	High
Dow Jones	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
S&P 500	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
NASDAQ	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
FT 1000 REPORTS SERVICE (Apr 22 / Fri)									
FT 1000	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
FT 1000	100.00	100.00	100.00	100.00	100.00	100.00	100.00		

US INDICES									
Index	Apr 22	Apr 21	Apr 20	High	Low	Index	Apr 21	Apr 20	High
Dow Jones	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
S&P 500	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
NASDAQ	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
FT 1000 REPORTS SERVICE (Apr 22 / Fri)									
FT 1000	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
FT 1000	100.00	100.00	100.00	100.00	100.00	100.00	100.00		

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Aluminium	180	175	170	165	160	155	150	145	140	135	130	125	120	115	110	105	100	95	90	85	80	75	70	65	60	55	50	45	40	35	30	25	20	15	10	5	0	-5	-10	-15	-20	-25	-30	-35	-40	-45	-50	-55	-60	-65	-70	-75	-80	-85	-90	-95	-100	-105	-110	-115	-120	-125	-130	-135	-140	-145	-150	-155	-160	-165	-170	-175	-180	-185	-190	-195	-200	-205	-210	-215	-220	-225	-230	-235	-240	-245	-250	-255	-260	-265	-270	-275	-280	-285	-290	-295	-300	-305	-310	-315	-320	-325	-330	-335	-340	-345	-350	-355	-360	-365	-370	-375	-380	-385	-390	-395	-400	-405	-410	-415	-420	-425	-430	-435	-440	-445	-450	-455	-460	-465	-470	-475	-480	-485	-490	-495	-500	-505	-510	-515	-520	-525	-530	-535	-540	-545	-550	-555	-560	-565	-570	-575	-580	-585	-590	-595	-600	-605	-610	-615	-620	-625	-630	-635	-640	-645	-650	-655	-660	-665	-670	-675	-680	-685	-690	-695	-700	-705	-710	-715	-720	-725	-730	-735	-740	-745	-750	-755	-760	-765	-770	-775	-780	-785	-790	-795	-800	-805	-810	-815	-820	-825	-830	-835	-840	-845	-850	-855	-860	-865	-870	-875	-880	-885	-890	-895	-900	-905	-910	-915	-920	-925	-930	-935	-940	-945	-950	-955	-960	-965	-970	-975	-980	-985	-990	-995	-1000	-1005	-1010	-1015	-1020	-1025	-1030	-1035	-1040	-1045	-1050	-1055	-1060	-1065	-1070	-1075	-1080	-1085	-1090	-1095	-1100	-1105	-1110	-1115	-1120	-1125	-1130	-1135	-1140	-1145	-1150	-1155	-1160	-1165	-1170	-1175	-1180	-1185	-1190	-1195	-1200	-1205	-1210	-1215	-1220	-1225	-1230	-1235	-1240	-1245	-1250	-1255	-1260	-1265	-1270	-1275	-1280	-1285	-1290	-1295	-1300	-1305	-1310	-1315	-1320	-1325	-1330	-1335	-1340	-1345	-1350	-1355	-1360	-1365	-1370	-1375	-1380	-1385	-1390	-1395	-1400	-1405	-1410	-1415	-1420	-1425	-1430	-1435	-1440	-1445	-1450	-1455	-1460	-1465	-1470	-1475	-1480	-1485	-1490	-1495	-1500	-1505	-1510	-1515	-1520	-1525	-1530	-1535	-1540	-1545	-1550	-1555	-1560	-1565	-1570	-1575	-1580	-1585	-1590	-1595	-1600	-1605	-1610	-1615	-1620	-1625	-1630	-1635	-1640	-1645	-1650	-1655	-1660	-1665	-1670	-1675	-1680	-1685	-1690	-1695	-1700	-1705	-1710	-1715	-1720	-1725	-1730	-1735	-1740	-1745	-1750	-1755	-1760	-1765	-1770	-1775	-1780	-1785	-1790	-1795	-1800	-1805	-1810	-1815	-1820	-1825	-1830	-1835	-1840	-1845	-1850	-1855	-1860	-1865	-1870	-1875	-1880	-1885	-1890	-1895	-1900	-1905	-1910	-1915	-1920	-1925	-1930	-1935	-1940	-1945	-1950	-1955	-1960	-1965	-1970	-1975	-1980	-1985	-1990	-1995	-2000	-2005	-2010	-2015	-2020	-2025	-2030	-2035	-2040	-2045	-2050	-2055	-2060	-2065	-2070	-2075	-2080	-2085	-2090	-2095	-2100	-2105	-2110	-2115	-2120	-2125	-2130	-2135	-2140	-2145	-2150	-2155	-2160	-2165	-2170	-2175	-2180	-2185	-2190	-2195	-2200	-2205	-2210	-2215	-2220	-2225	-2230	-2235	-2240	-2245	-2250	-2255	-2260	-2265	-2270	-2275	-2280	-2285	-2290	-2295	-2300	-2305	-2310	-2315	-2320	-2325	-2330	-2335	-2340	-2345	-2350	-2355	-2360	-2365	-2370	-2375	-2380	-2385	-2390	-2395	-2400	-2405	-2410	-2415	-2420	-2425	-2430	-2435	-2440	-2445	-2450	-2455	-2460	-2465	-2470	-2475	-2480	-2485	-2490	-2495	-2500	-2505	-2510	-2515	-2520	-2525	-2530	-2535	-2540	-2545	-2550	-2555	-2560	-2565	-2570	-2575	-2580	-2585	-2590	-2595	-2600	-2605	-2610	-2615	-2620	-2625	-2630	-2635	-2640	-2645	-2650	-2655	-2660	-2665	-2670	-2675	-2680	-2685	-2690	-2695	-2700	-2705	-2710	-2715	-2720	-2725	-2730	-2735	-2740	-2745	-2750	-2755	-2760	-2765	-2770	-2775	-2780	-2785	-2790	-2795	-2800	-2805	-2810	-2815	-2820	-2825	-2830	-2835	-2840	-2845	-2850	-2855	-2860	-2865	-2870	-2875	-2880	-2885	-2890	-2895	-2900	-2905	-2910	-2915	-2920	-2925	-2930	-2935	-2940	-2945	-2950	-2955	-2960	-2965	-2970	-2975	-2980	-2985	-2990	-2995	-3000	-3005	-3010	-3015	-3020	-3025	-3030	-3035	-3040	-3045	-3050	-3055	-3060	-3065	-3070	-3075	-3080	-3085	-3090	-3095	-3100	-3105	-3110	-3115	-3120	-3125	-3130	-3135	-3140	-3145	-3150	-3155	-3160	-3165	-3170	-3175	-3180	-3185	-3190	-3195	-3200	-3205	-3210	-3215	-3220	-3225	-3230	-3235	-3240	-3245	-3250	-3255	-3260	-3265	-3270	-3275	-3280	-3285	-3290	-3295	-3300	-3305	-3310	-3315	-3320	-3325	-3330	-3335	-3340	-3345	-3350	-3355	-3360	-3365	-3370	-3375	-3380	-3385	-3390	-3395	-3400	-3405	-3410	-3415	-3420	-3425	-3430	-3435	-3440	-3445	-3450	-3455	-3460	-3465	-3470	-3475	-3480	-3485	-3490	-3495	-3500	-3505	-3510	-3515	-3520	-3525	-3530	-3535	-3540	-3545	-3550	-3555	-3560	-3565	-3570	-3575	-3580	-3585	-3590	-3595	-3600	-3605	-3610	-3615	-3620	-3625	-3630	-3635	-3640	-3645	-3650	-3655	-3660	-3665	-3670	-3675	-3680	-3685	-3690	-3695	-3700	-3705	-3710	-3715	-3720	-3725	-3730	-3735	-3740	-3745	-3750	-3755	-3760	-3765	-3770	-3775	-3780	-3785	-3790	-3795	-3800	-3805	-3810	-3815	-3820	-3825	-3830	-3835	-3840	-3845	-3850	-3855	-3860	-3865	-3870	-3875	-3880	-3885	-3890	-3895	-3900	-3905	-3910	-3915	-3920	-3925	-3930	-3935	-3940	-3945	-3950	-3955	-3960	-3965	-3970	-3975	-3980	-3985	-3990	-3995	-4000	-4005	-4010	-4015	-4020	-4025	-4030	-4035	-4040	-4045	-4050	-4055	-4060	-4065	-4070	-4075	-4080	-4085	-4090	-4095	-4100	-4105	-4110	-4115	-4120	-4125	-4130	-4135	-4140	-4145	-4150	-4155	-4160	-4165	-4170	-4175	-4180	-4185	-4190	-4195	-4200	-4205	-4210	-4215	-4220	-4225	-4230	-4235	-4240	-4245	-4250	-4255	-4260	-4265	-4270	-4275	-4280	-4285	-4290	-4295	-4300	-4305	-4310	-4315	-4320	-4325	-4330	-4335	-4340	-4345	-4350	-4355	-4360	-4365	-4370	-4375	-4380	-4385	-4390	-4395	-4400	-4405	-4410	-4415	-4420	-4425	-4430	-4435	-4440	-4445	-4450	-4455	-4460	-4465	-4470	-4475	-4480	-4485	-4490	-4495	-4500	-4505	-4510	-4515	-4520	-4525	-4530	-4535	-4540	-4545	-4550	-4555	-4560	-4565	-4570	-4575	-4580	-4585	-4590	-4595	-4600	-4605	-4610	-4615	-4620	-4625	-4630	-4635	-4640	-4645	-4650	-4655	-4660	-4665	-4670	-4675	-4680	-4685	-4690	-4695	-4700	-4705	-4710	-4715	-4720	-4725	-4730	-4735	-4740	-4745	-4750	-4755	-4760	-4765	-4770	-4775	-4780	-4785	-4790	-4795	-4800	-4805	-4810	-4815	-4820	-4825	-4830	-4835	-4840	-4845	-4850	-4855	-4860	-4865	-4870	-4875	-4880	-4885	-4890	-4895	-4900	-4905	-4910	-4915	-4920	-4925	-4930	-4935	-4940	-4945	-4950	-4955	-4960	-4965	-4970	-4975	-4980	-4985	-4990	-4995	-5000	-5005	-5010	-5015	-5020	-5025	-5030	-5035	-5040	-5045	-5050	-5055	-5060	-5065	-5070	-5075	-5080	-5085	-5090	-5095	-5100	-5105	-5110	-5115	-5120	-5125	-5130	-5135	-5140	-5145	-5150	-5155	-5160	-5165	-5170	-5175	-5180	-5185	-5190	-5195	-5200	-5205	-5210	-5215	-5220	-5225	-5230	-5235	-5240	-5245	-5250	-5255	-5260	-5265	-5270	-5275	-5280	-5285	-5290	-5295	-5300	-5305	-5310	-5315	-5320	-5325	-5330	-5335	-5340	-5345	-5350	-5355	-5360	-5365	-5370	-5375	-5380	-5385	-5390	-5395	-5400	-5405	-5410	-5415	-5420	-5425	-5430	-5435	-5440	-5445	-5450	-5455	-5460	-5465	-5470	-5475	-5480	-5485	-5490	-5495	-5500	-5505	-5510	-5515	-5520	-5525	-5530	-5535	-5540	-5545	-5550	-5555	-5560	-5565	-5570	-5575	-5580	-5585	-5590	-5595	-5600	-5605	-5610	-5615	-5620	-5625	-5630	-5635	-5640	-5645	-5650	-5655	-5660	-5665	-5670	-5675	-5680	-5685	-5690	-5695	-5700	-5705	-5710	-5715	-5720	-5725	-5730	-5735	-5740	-5745	-5750	-5755	-5760	-5765	-5770	-5775	-5780	-5785	-5790	-5795	-5800	-5805	-5810	-5815	-5820	-5825	-5830	-5835	-5840	-5845	-5850	-5855	-5860	-5865	-5870	-5875	-5880	-5885	-5890	-5895	-5900	-5905	-5910	-5915	-5920	-5925	-5930	-5935	-5940	-5945	-5950	-5955	-5960	-5965	-5970	-5975	-5980	-5985	-5990	-5995	-6000	-6005	-6010	-6015	-6020	-6025	-6030	-6035	-6040	-6045	-6050	-6055	-6060	-6065	-6070	-6075	-6080	-6085	-6090	-6095	-6100	-6105	-6110	-6115	-6120	-6125	-6130	-6135	-6140	-6145	-6150	-6155	-6160	-6165	-6170	-6175	-6180	-6185	-6190	-6195	-6200	-6205	-6210	-6215	-6220	-6225	-6230	-6235	-6240	-6245	-6250	-6255	-6260	-6265	-6270	-6275	-6280	-6285	-6290	-6295	-6300	-6305	-6310	-6315	-6320	-6325	-6330	-6335	-6340	-6345	-6350	-6355	-6360	-6365	-6370	-6375	-6380	-6385	-6390	-6395	-6400	-6405	-6410	-6415	-6420	-6425	-6430	-6435	-6440	-6445	-6450	-6455	-6460	-6465	-6470	-6475	-6480	-6485	-6490	-6495	-6500	-6505	-6510	-6515	-6520	-6525	-6530	-6535	-6540	-6545	-6550	-6555	-6560	-6565	-6570	-6575	-6580	-6585	-6590	-6595	-6600	-6605	-6610	-6615	-6620	-6625	-6630	-6635	-6640	-6645	-6650	-6655	-6660	-6665	-6670	-6675	-6680	-6685	-6690	-6695	-6700	-6705	-6710	-6715	-6720	-6725	-6730	-6735	-6740	-6745	-6750	-6755	-6760	-6765	-6770	-6775	-6780	-6785	-6790	-6795	-6800	-6805	-6810	-6815	-6820	-6825	-6830	-6835	-6840	-6845
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**the EC  
mountain.  
ed  
guide.**

**Guide to pricing of Authorised Unit Trusts**  
Compiled with the assistance of Iain M. S.

**INITIAL CHARGE:** Charge made on sale of vehicle based on dealer's estimated cost.

[illegible]



● FT Cityline 1-800-Trust Prices: dial 0991 430010 and key in a 5-digit code. Calls are charged at 39¢/minute (cheap rate) and 49¢/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on 021-573 4578.

[illegible]

صِدْقًا مِنَ الْأَعْمَلِ



هكذا من الاعمال

**JERSEY** (S18 RECOGNISED)

**BERMUDA** (SIB RECOGNISED)



صديقا من الاعمال







**INVESTMENT TRUSTS - Contd**

صلى الله عليه وسلم



**LEISURE & HOTELS - Cont.**

## OIL, INTEGRATED

**PROPERTY - Cont.****SPIRITS, WINES & CIDERS****TRANSPORT - Cont.**

Delinquency	City	Ch	Pr	Wk	Dr	Del	Last	Notes
0.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
0.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
0.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
0.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
0.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
0.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
0.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
0.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
0.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
1.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
2.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
3.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
4.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
5.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
6.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
7.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
8.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
9.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy
10.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy

OTHER FINANCIAL									
Delinquency	City	Ch	Pr	Wk	Dr	Del	Last	Notes	
0.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
0.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
0.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
0.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
0.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
0.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
0.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
0.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
0.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
1.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
2.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
3.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
4.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.8	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
5.9	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.0	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.1	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.2	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.3	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.4	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.5	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.6	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.7	Jan	142	100	1.0	1.0	1.0	1.0	Bankruptcy	
6.8	Jan	142	100	1.0	1.0				

[illegible]

## OTHER INVESTMENT TRUSTS

[illegible]

## INVESTMENT COMPANIES

[illegible]

## LEISURE & HOTELS

[illegible]

## PROPERTY

	Wk%	Dir	City	Weekends	Last	City	Subtotal A.S.
Price	change	net	exp.	paid	ad	State	Sourcebook
714	-	3.63	1.9	Jan. ad	1.17	1886	T & S Sports
714	-4	64%	-	Apr. Oct	1.43	1684	The Rank
25%	3.8	-	-	-	492	2618	Update 5 Sth...
128	1.7	2.2	q	Nov. ad	4.10	1987	Vanguarda Louisa
167	-	64%	-	Jan. Dec	15.11	1698	W&W
33	-10.2	-	-	-	2.92	4795	Wid of Leather
25	-5.7	-	-	Jul	5.98	1789	Wyandot

**Cash** \_\_\_\_\_  
**Current Acc't.** \_\_\_\_\_  
**Savings** \_\_\_\_\_

[illegible][illegible]

Price	Chg	Vol	Open	High	Low	Close	Net Chg	Volume	Open	High	Low	Close	Net Chg
19.00	0.00	100	19.00	19.00	18.75	19.00	0.00	100	19.00	19.00	18.75	19.00	0.00
24.00	0.00	100	24.00	24.00	23.75	24.00	0.00	100	24.00	24.00	23.75	24.00	0.00
25.00	0.00	100	25.00	25.00	24.75	25.00	0.00	100	25.00	25.00	24.75	25.00	0.00
26.00	0.00	100	26.00	26.00	25.75	26.00	0.00	100	26.00	26.00	25.75	26.00	0.00
27.00	0.00	100	27.00	27.00	26.75	27.00	0.00	100	27.00	27.00	26.75	27.00	0.00
28.00	0.00	100	28.00	28.00	27.75	28.00	0.00	100	28.00	28.00	27.75	28.00	0.00
29.00	0.00	100	29.00	29.00	28.75	29.00	0.00	100	29.00	29.00	28.75	29.00	0.00
30.00	0.00	100	30.00	30.00	29.75	30.00	0.00	100	30.00	30.00	29.75	30.00	0.00
31.00	0.00	100	31.00	31.00	30.75	31.00	0.00	100	31.00	31.00	30.75	31.00	0.00
32.00	0.00	100	32.00	32.00	31.75	32.00	0.00	100	32.00	32.00	31.75	32.00	0.00
33.00	0.00	100	33.00	33.00	32.75	33.00	0.00	100	33.00	33.00	32.75	33.00	0.00
34.00	0.00	100	34.00	34.00	33.75	34.00	0.00	100	34.00	34.00	33.75	34.00	0.00
35.00	0.00	100	35.00	35.00	34.75	35.00	0.00	100	35.00	35.00	34.75	35.00	0.00
36.00	0.00	100	36.00	36.00	35.75	36.00	0.00	100	36.00	36.00	35.75	36.00	0.00
37.00	0.00	100	37.00	37.00	36.75	37.00	0.00	100	37.00	37.00	36.75	37.00	0.00
38.00	0.00	100	38.00	38.00	37.75	38.00	0.00	100	38.00	38.00	37.75	38.00	0.00
39.00	0.00	100	39.00	39.00	38.75	39.00	0.00	100	39.00	39.00	38.75	39.00	0.00
40.00	0.00	100	40.00	40.00	39.75	40.00	0.00	100	40.00	40.00	39.75	40.00	0.00
41.00	0.00	100	41.00	41.00	40.75	41.00	0.00	100	41.00	41.00	40.75	41.00	0.00
42.00	0.00	100	42.00	42.00	41.75	42.00	0.00	100	42.00	42.00	41.75	42.00	0.00
43.00	0.00	100	43.00	43.00	42.75	43.00	0.00	100	43.00	43.00	42.75	43.00	0.00
44.00	0.00	100	44.00	44.00	43.75	44.00	0.00	100	44.00	44.00	43.75	44.00	0.00
45.00	0.00	100	45.00	45.00	44.75	45.00	0.00	100	45.00	45.00	44.75	45.00	0.00
46.00	0.00	100	46.00	46.00	45.75	46.00	0.00	100	46.00	46.00	45.75	46.00	0.00
47.00	0.00	100	47.00	47.00	46.75	47.00	0.00	100	47.00	47.00	46.75	47.00	0.00
48.00	0.00	100	48.00	48.00	47.75	48.00	0.00	100	48.00	48.00	47.75	48.00	0.00
49.00	0.00	100	49.00	49.00	48.75	49.00	0.00	100	49.00	49.00	48.75	49.00	0.00
50.00	0.00	100	50.00	50.00	49.75	50.00	0.00	100	50.00	50.00	49.75	50.00	0.00
51.00	0.00	100	51.00	51.00	50.75	51.00	0.00	100	51.00	51.00	50.75	51.00	0.00
52.00	0.00	100	52.00	52.00	51.75	52.00	0.00	100	52.00	52.00	51.75	52.00	0.00
53.00	0.00	100	53.00	53.00	52.75	53.00	0.00	100	53.00	53.00	52.75	53.00	0.00
54.00	0.00	100	54.00	54.00	53.75	54.00	0.00	100	54.00	54.00	53.75	54.00	0.00
55.00	0.00	100	55.00	55.00	54.75	55.00	0.00	100	55.00	55.00	54.75	55.00	0.00
56.00	0.00	100	56.00	56.00	55.75	56.00	0.00	100	56.00	56.00	55.75	56.00	0.00
57.00	0.00	100	57.00	57.00	56.75	57.00	0.00	100	57.00	57.00	56.75	57.00	0.00
58.00	0.00	100	58.00	58.00	57.75	58.00	0.00	100	58.00	58.00	57.75	58.00	0.00
59.00	0.00	100	59.00	59.00	58.75	59.00	0.00	100	59.00	59.00	58.75	59.00	0.00
60.00	0.00	100	60.00	60.00	59.75	60.00	0.00	100	60.00	60.00	59.75	60.00	0.00
61.00	0.00	100	61.00	61.00	60.75	61.00	0.00	100	61.00	61.00	60.75	61.00	0.00
62.00	0.00	100	62.00	62.00	61.75	62.00	0.00	100	62.00	62.00	61.75	62.00	0.00
63.00	0.00	100	63.00	63.00	62.75	63.00	0.00	100	63.00	63.00	62.75	63.00	0.00
64.00	0.00	100	64.00	64.00	63.75	64.00	0.00	100	64.00	64.00	63.75	64.00	0.00
65.00	0.00	100	65.00	65.00	64.75	65.00	0.00	100	65.00	65.00	64.75	65.00	0.00
66.00	0.00	100	66.00	66.00	65.75	66.00	0.00	100	66.00	66.00	65.75	66.00	0.00
67.00	0.00	100	67.00	67.00	66.75	67.00	0.00	100	67.00	67.00	66.75	67.00	0.00
68.00	0.00	100	68.00	68.00	67.75	68.00	0.00	100	68.00	68.00	67.75	68.00	0.00
69.00	0.00	100	69.00	69.00	68.75	69.00	0.00	100	69.00	69.00	68.75	69.00	0.00
70.00	0.00	100	70.00	70.00	69.75	70.00	0.00	100	70.00	70.00	69.75	70.00	0.00
71.00	0.00	100	71.00	71.00	70.75	71.00	0.00	100	71.00	71.00	70.75	71.00	0.00
72.00	0.00	100	72.00	72.00	71.75	72.00	0.00	100	72.00	72.00	71.75	72.00	0.00
73.00	0.00	100	73.00	73.00	72.75	73.00	0.00	100	73.00	73.00	72.75	73.00	0.00
74.00	0.00	100	74.00	74.00	73.75	74.00	0.00	100	74.00	74.00	73.75	74.00	0.00
75.00	0.00	100	75.00	75.00	74.75	75.00	0.00	100	75.00	75.00	74.75	75.00	0.00
76.00	0.00	100	76.00	76.00	75.75	76.00	0.00	100	76.00	76.00	75.75	76.00	0.00
77.00	0.00	100	77.00	77.00	76.75	77.00	0.00	100	77.00	77.00	76.75	77.00	0.00
78.00	0.00	100	78.00	78.00	77.75	78.00	0.00	100	78.00	78.00	77.75	78.00	0.00
79.00	0.00	100	79.00	79.00	78.75	79.00	0.00	100	79.00	79.00	78.75	79.00	0.00
80.00	0.00	100	80.00	80.00	79.75	80.00	0.00	100	80.00	80.00	79.75	80.00	0.00
81.00	0.00	100	81.00	81.00	80.75	81.00	0.00	100	81.00	81.00	80.75	81.00	0.00
82.00	0.00	100	82.00	82.00	81.75	82.00	0.00	100	82.00	82.00	81.75	82.00	0.00
83.00	0.00	100	83.00	83.00	82.75	83.00	0.00	100	83.00	83.00	82.75	83.00	0.00
84.00	0.00	100	84.00	84.00	83.75	84.00	0.00	100	84.00	84.00	83.75	84.00	0.00
85.00	0.00	100	85.00	85.00	84.75	85.00	0.00	100	85.00	85.00	84.75	85.00	0.00
86.00	0.00	100	86.00	86.00	85.75	86.00	0.00	100	86.00	86.00	85.75	86.00	0.00
87.00	0.00	100	87.00	87.00	86.75	87.00	0.00	100	87.00	87.00	86.75	87.00	0.00
88.00	0.00	100	88.00	88.00	87.75	88.00	0.00	100	88.00	88.00	87.75	88.00	0.00
89.00	0.00	100	89.00	89.00	88.75	89.00	0.00	100	89.00	89.00	88.75	89.00	0.00
90.00	0.00	100	90.00	90.00	89.75	90.00	0.00	100	90.00	90.00	89.75	90.00	0.00
91.00	0.00	100	91.00	91.00	90.75	91.00	0.00	100	91.00	91.00	90.75	91.00	0.00
92.00	0.00	100	92.00	92.00	91.75	92.00	0.00	100	92.00	92.00	91.75	92.00	0.00
93.00	0.00	100	93.00	93.00	92.75	93.00	0.00	100	93.00	93.00	92.75	93.00	0.00
94.00	0.00	100	94.00	94.00	93.75	94.00	0.00	100	94.00	94.00	93.75	94.00	0.00
95.00	0.00	100	95.00	95.00	94.75	95.00	0.00	100	95.00	95.00	94.75	95.00	0.00
96.00	0.00	100	96.00	96.00	95.75	96.00	0.00	100	96.00	96.00	95.75	96.00	0.00
97.00	0.00	100	97.00	97.00	96.75	97.00	0.00	100	97.00	97.00	96.75	97.00	0.00
98.00	0.00	100	98.00	98.00	97.75	98.00	0.00	100	98.00	98.00	97.75	98.00	0.00
99.00	0.00	100	99.00	99.00	98.75	99.00	0.00	100	99.00	99.00	98.75	99.00	0.00
100.00	0.00	100	100.00	100.00	99.75	100.00	0.00	100	100.00	100.00	99.75	100.00	0.00

**TOBACCO**

Q2 '91	-10.5	-	-	1169	2601			
251	-4	2.8	1.8 Apr Nov	28.2	8313			
244	4.7	7.5	φ Jan Jul	28.11	2489	BAT Inc.	248	Price change 44301 -1
489	-4	13.05	2.4 Jan Jul	13.12	2363	12 1/2pc Ln 130108	212112	-1.26
50					3182	Rollins Int Lbr	308	
180	1.0	81.35	4.5 Oct Apr	28.2	2278			

Notes	Price	Alt./Rise
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171	0.8	-1.5	2.2	May Nov	4.2	2748	At London	✶	71	-0.2
172	0.8	-1.5	1.6	2.2	Jan Mar	4.93	2748	Al Hedges Air	7174	-1.2
173	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
174	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
175	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
176	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
177	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
178	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
179	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
180	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
181	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
182	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
183	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
184	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
185	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
186	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
187	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
188	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
189	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
190	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
191	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
192	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
193	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
194	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
195	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
196	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
197	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
198	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
199	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0
200	0.8	-1.5	1.6	2.2	Jan Mar	18.10	2825	Applied Electric	1410	0.0

**FT Share Service**

The following companies have been added to the information service: **Impero (Cherne)**, **Coal New Wls (Newry Inds)**, **Robert Wiseman (Food Mkt)**, **Barron's (Food Mkt)**, **W & Ws, F & C Mc Gweth**, **N & C Prib Eats**, **Morgan G'Wall Linn Am Ord & Wls**, **NIA Smir Aust G**, **Schroder UK Gweth Ord & Wls (Inr Tst)**, **Dominion Energy (Oil Int)**, **Wests Poyls (Oth Serv & Bus)**, **Newport and Pughley Eats (Prop)**, **MAID and Uniprim (Supp Serv)** and **Applied Distrib and Transmitter (Trans-Distrib)**. **Freeman (Bld Mkt)** and **Westralian Rse (Edv Inds)**.

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4 pm close April 22

NYSE COMPOSITE PRICES

Continued from previous page									
Stock	Chg	High	Low	Open	Close	Volume	High	Low	Open
1000 Dow Jones	+1.06	25,320	25,310	25,310	25,320	1,415	25,320	25,310	25,310
1000 S&P 500	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531

NASDAQ NATIONAL MARKET

4 pm close April 22

Stock	Chg	High	Low	Open	Close	Volume	High	Low	Open
1000 Dow Jones	+1.06	25,320	25,310	25,310	25,320	1,415	25,320	25,310	25,310
1000 S&P 500	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531

AMEX COMPOSITE PRICES

Stock	Chg	High	Low	Open	Close	Volume	High	Low	Open
1000 Dow Jones	+1.06	25,320	25,310	25,310	25,320	1,415	25,320	25,310	25,310
1000 S&P 500	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531

Stock	Chg	High	Low	Open	Close	Volume	High	Low	Open
1000 Dow Jones	+1.06	25,320	25,310	25,310	25,320	1,415	25,320	25,310	25,310
1000 S&P 500	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NYSE Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531
1000 NASDAQ Comp	+1.06	2,532	2,531	2,531	2,532	1,415	2,532	2,531	2,531

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Perrier battle ends with something for everyone



## FT GUIDE TO THE WEEK

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MONDAY

## Hata to take over in Japan

Takatoshi Hata, who has been foreign minister in Japan's ruling coalition, is expected to be confirmed by parliamentary vote as the country's prime minister. One of his first tasks will be to get a budget for the current year through parliament. He also aims to issue details of a demand-boasting permanent reduction in income tax, to be paid for by a rise in indirect taxes.

**Schneider affair:** Georg Krupp and Ulrich Weiss, the two Deutsche Bank directors most closely associated with the dud loans extended to the bankrupt Schneider property group, tell the press their side of the story this morning.

Their irascible chairman, Hilmar Kopper, who last week as good as said heads will roll, will be on hand to keep order. The only significant person not present (apart from the fugitive Jürgen Schneider himself) will be credit supervisor supreme, Ellen Schneider-Lenné, recently described by Kopper as "the best man on the board".

## Swedish Spring budgets

Sweden's finance minister Anne Wibble (left) presents the country's supplementary Spring budget. With a general election looming in September, tough measures to cut the budget deficit look unlikely, but an improving economy may allow her to speed up the savings programme she has already outlined.

**Anglo-Irish talks:** British and Irish ministers meet in Belfast for the latest session of the Anglo-Irish inter-governmental conference. It is the first opportunity since the IRA 3-day ceasefire earlier this month for the two governments to review the peace process and to exchange ideas on the formula for political progress in Ulster.

**Mad cows and Englishmen:** European Union farm ministers meeting in Luxembourg today and tomorrow, will consider a German request to ban imports of cattle, beef and veal from Britain because of the incidence of BSE (mad cow disease) there.

**Italy celebrates Liberation Day,** the defeat of Nazi forces and the end of the Mussolini era in 1945. A big anti-fascist demonstration has been called in Milan. It is intended to remind the prospective right-wing Berlusconi government of the origins of its partner, the MSI/National Alliance, and to warn against rewriting history to make fascism respectable.

**Holidays:** Australia and New Zealand (Anzac Day); Egypt (Sinai Liberation Day); Italy (Liberation Day); Portugal (Freedom Day).

26

TUESDAY

## South Africans begin voting

Polling begins in South Africa's first all-race election. Following last week's decision to take part by chief Mangosuthu Buthe, leader of the Zulu-based Inkatha party, it will be an all-party election too. A landslide win for the African National Congress is expected, making its leader, Nelson Mandela, South Africa's president.

**Italian governments President** Oscar Luigi Scalfaro is expected to ask media magnate turned politician Silvio Berlusconi to form Italy's next government today. But between selecting his ministers and obtaining the necessary vote of confidence from both houses of parliament, at least a further week is expected to lapse.

**Alexandre Lamfalussy,** head of the European Monetary Institute, the prototype European Union central bank, gives testimony to the European parliament. He is likely to talk about the planned move of the Institute to Frankfurt later this year and closer monetary co-ordination between EU central banks.

**Schengen treaty:** Representatives of the nine signatories to the Schengen treaty hold talks in Bonn aimed at bringing closer the implementation of the decade-old plan to remove all border controls among them. However, Charles Pasqua, the French interior minister, has upset the applicant with recent comments that French border controls should be tighter.

**German economy:** Germany's six leading economic institutes present their joint report, the most comprehensive twice-yearly independent diagnosis of the economy.

**Lloyd's action:** The largest legal action by loss-making Lloyd's Names - individuals whose assets support the insurance market - begins today. Some 3,065 Names, who were members of syndicates managed by the Gooda Walker agency, are suing 71 of their own members' agents in a bid to win \$250m in compensation.

**Trade arena:** Helsinki hosts a two-day meeting of the joint parliamentary committee of the European Economic Area, the free trade zone comprising the European Union and the European Free Trade Area countries. They will be reviewing progress towards a unified market in such areas as competition policy and non-tariff trade barriers. Four of the EFTA countries, however, are due to join the EU on January 1 1995.

**Drachma drama:** The Greek parliament is due to vote on ratifying a tax bill which cracks down on evasion among 1,300 categories of self-employed professionals and for the first time taxes interest from repurchase agreements and mutual funds. Unsurprisingly, the bill is not popular, and doctors, lawyers and dentists have been on strike in protest.

27

WEDNESDAY

## Anglo-German summit

German chancellor Helmut Kohl holds one-day talks with UK prime minister John Major at Chequers, the latter's country retreat, as part of regular twice-yearly summits. The two countries' foreign, finance, interior, economics, and defence ministers also meet.

On the agenda are: how Poland, Hungary, the Czech Republic and Slovakia can be brought closer to the European Union, a priority for Germany when it takes over the Union presidency in July; Nato's Partnership for Peace programme; and preparations for the G7 Naples summit in July.



Another topic to be broached is possible successors to Jacques Delors (left) as president of the European Commission. Mr Kohl reportedly leans towards Jean-Luc Dehaene, prime minister of Belgium. Mr Major supports Sir Leon Brittan, with Rudi Lubbers, Dutch premier, as second choice.

**Bosnia's Muslim president,** Alija Izetbegovic, hopes to visit Romania for talks with President Ion Iliescu - if the situation at home permits (to Apr 28). Romania, which has a long border with Serbia and good relations with most Balkan countries, is taking a leading role in seeking a diplomatic solution to the conflict and stopping it spilling into other Balkan countries.

In recent weeks, President Iliescu has received Serbia's president, Slobodan Milosevic, Croatia's president, Franjo Tudjman, and Turkey's president, Süleyman Demirel, and paid a visit to Greece.

**UK pension provisions:** Peter Lilley, Britain's social security secretary, will be questioned by the Commons social security committee about advice given to people contracting out of the state earnings related pensions scheme to buy personal pensions.

The cross-party committee will focus on government statistics which suggest many personal pension sales were to those who could not benefit from tax incentives and might be worse off as a result.

**UK financial regulations:** Joe Palmer and Colette Bowe, the chairman and the chief executive of the Personal Investment Authority, which is due to open shop in July, appear for a second time before the cross-party committee of MPs examining financial regulation. The two gave evidence last month, but faced scepticism from MPs about the plans for the watchdog.

**Football:** European Cup semi-finals between Barcelona (of Spain) and FC Porto (of Portugal), and AC Milan (of Italy) and Monaco.

28

THURSDAY

## Yeltsin looks to parliament

Russia's "civil accord", proposed by President Boris Yeltsin, is supposed to be signed by parties in Russia's parliament today. The pact is intended as a charter for co-operation between president and legislature, so as to enable the country to be governed more effectively.

However, opposition parties are dismissive of the idea, raising the question of how far cohabitation is possible in a political culture that lacks a tradition of compromise.

**Chinese Wall Street:** Arthur Levitt, chairman of the US Securities and Exchange Commission, will sign a "memorandum of understanding" with his Chinese counterparts today in the latest step aimed at making it easier for foreign companies to list their shares on US stock markets.

Ultimately, the agreement should lead to Chinese companies providing US regulators with the kind of detailed financial information they demand from companies selling their shares to the public.

**Phones on the move:** The UK gets its fourth mobile telephone network with the launch of the "Orange" service by Hutchison Mobile, telecommunications subsidiary of Hong Kong-based Hutchison Whampoa. It says 50 per cent of the UK population will be covered at the launch, extending to 90 per cent by mid-1995.

Orange, like Mercury's One-2-One, uses digital technology, making additional services possible. Unlike One-2-One, however, Orange will not be offering the incentive of free local calls.

## Crédit Lyonnais

The French parliament is to discuss proposals to mount an official investigation into the financial problems of Crédit Lyonnais, the troubled state-controlled bank, which was bailed out by a FF44.5bn (\$7.7bn) government rescue last month.

The debate will decide whether to endorse plans to form a 12-strong cross-party committee, led by the outspoken Philippe Séguin, which will then stage a six-month inquiry into the management of Crédit Lyonnais.

**Sale rooms:** The 3,000-volume library and archives of the author Graham Greene, who died in 1991, are to be offered for sale by Bloomsbury Book Auctions in London. One of the main interests of the collection is the many annotations in Greene's hand that the books contain, along with numerous letters to the author.

**Horse racing:** The 1000 Guineas, first of the English flat-racing season's five "classics", for three-year-old fillies, is run over a mile at Newmarket.



Another week begins for Radovan Karadzic, leader of the Bosnian Serbs.

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FRIDAY

## Rowdy AGM for Swiss bank

Union Bank of Switzerland, the country's largest bank, faces a rowdy annual meeting in Zürich. BK Vision, an investment fund with nearly 10 per cent of the shares, has put a motion on the agenda to force the bank to cut the maximum number of its board members from 23 to nine. BK says that no committee with more than 10 members can be decisive.

URS directors are also likely to be questioned closely on how they got caught two weeks ago holding \$150m for a suspected Colombian drug dealer.

**No Golf Year** has been declared by an organisation called the Global Anti-Golf Movement, starting today. The group's aim is to draw attention to the environmental problems caused by "frenzied proliferation of resorts and golf courses around the world". These include loss of forests and farmland, soil contamination, landslides and depletion of water resources.

**Holidays:** Japan (Greenery Day), Golden Week holiday starts; Cyprus, Greece and Lebanon celebrate orthodox Good Friday; Denmark (General Prayer Day).

30-1

WEEKEND

## Miners' redundancy offer

Saturday is the deadline for staff to accept British Coal's redundancy package, which offers a maximum of £44,000. A less generous scheme will be on offer from May.

**Song for Europe:** The 39th Eurovision Song Contest which takes place in the Point Theatre, Dublin, on Saturday night.

**Horse racing:** The 2000 Guineas, the second of the flat-racing season's five "classics", for three-year-old colts and fillies, is run over a mile at Newmarket on Saturday.

**Motor racing:** The San Marino Grand Prix takes place in Imola, Italy, on Sunday.

## NEXT WEEK

There is hope that the delayed agreement between Israel and the Palestinian Liberation Organisation on Palestinian self-rule in the occupied Gaza Strip and Jericho area of the West Bank may at last be signed at a summit meeting in Cairo.

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## ECONOMIC DIARY

## Other economic news

**Monday:** Figures for the UK's gross domestic product in the first quarter of 1994 are expected to show that the recovery is still on track. The consensus is for quarter-on-quarter growth of 0.7 per cent, in line with the last quarter of 1993. The government's forecast of full year growth is 2.5 per cent. Non-European Union figures for UK trade are published for March, only 11 days after the January figures for EU trade were produced. The non-EU figures, apart from being gathered more quickly, are regarded as being more reliable than the EU data. The consensus forecast for March's deficit is £750m.

**Tuesday:** The Confederation of British Industry's quarterly trends survey has a good record of predicting developments in the UK economy. The last survey was upbeat, and this report will be closely watched for any signs that the tax increases are weakening the recovery.

**Friday:** French unemployment was 3.3m in February and the markets are not expecting a fall in March, with the consensus forecast for the percentage out of work at 12.2 per cent, the same as in the previous month.

## Statistics to be released this week

Day	Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	US	Mar existing home sales	-	3.83m	-
April 25	UK	Mar trade excl-EC	-2750m	-2872m	-
	UK	1st qtr GDP, prelim**	0.7%	0.7%	-
	UK	1st qtr GDP, prelim**	2.8%	2.4%	-
Tues	US	1st qtr employment cost index**	0.9%	0.8%	-
April 26	US	April consumer confidence	86.7	-	-
	US	Johnson Roadbook, w/e April 23	-	-1.1%	-
	Japan	Feb coincident index	-	89%	-
	Japan	Feb leading diffusion index	-	60%	-
Wed	US	Mar durable goods orders	1%	-2.6%	-
April 27	US	Mar durable shipments	-	1%	-
	Japan	Mar retail sales*	-2.8%	-2.0%	-
	Japan	Mar industrial production seasonally	3.5%	-0.1%	-
	Japan	Mar shipments seasonally	-	1.1%	-
	Canada	Mar industrial prod - price index	0.4%	0.9%	-
Thurs	US	1st qtr GDP - advance	3.9%	7%	-
April 28	US	Ditto, deflator advance	2.4%	1.3%	-
	US	4th qtr after tax corp profit	-	8.4%	-
	US	Initial claims w/e April 23	360,000	364,000	-
	US	State benefits w/e April 18	-	2.76m	-
	US	Mar export price index	-	unch'd	-
	US	Mar import price index	-	0.4%	-
	US	M1 w/e April 18	-\$3.6bn	-\$4.6bn	-
	US	M2 w/e April 18	-\$8bn	-\$12.5bn	-
	US	M3 w/e April 18	-\$0.8bn	-\$7.8bn	-
Thurs	Japan	April consumer prices index**	1.2%	1.1%	-
April 28	Japan	Ditto excl perishables**	0.8%	0.9%	-
(Cont)	Japan	Mar unemployment rate	-	2.8%	-
	Japan	Mar construction orders**	-	-0.3%	-
	Japan	Mar housing starts**	4.4%	8.3%	-
	Japan	Apr w/e sale price index, 3rd 10 days	-	-0.2%	-
Fri	US	Mar new home sales	700,000	648,000	-
April 29	US	Mar personal income	0.7%	1.9%	-
	US	Mar personal consumer expend	0.5%	1%	-
	France	Mar unemployment rate	12.2%	12.2%	-
During this week...					
	Germany	Mar M3 from 4th qtr base	14%	17.5%	-
	Germany	Mar producer prices index*	0.1%	0.1%	-
	Germany	Mar producer prices index**	0.3%	0.2%	-
	Germany	Feb trade balance	DM5.7bn	DM5.6bn	-
	Germany	Feb current a/c	-DM2.8bn	-DM5.7bn	-
	Germany	Feb capital account	-	DM29.6bn	-
	Germany	Mar import prices*	0.0%	0.1%	-
	Germany	Mar import prices**	-0.3%	-0.4%	-
	Germany	April cost of living, prelim**	3%	3.2%	-
	Italy	Feb producer prices index*	3.4%	3.5%	-
	Italy	Mar M2 - three month average**	7.2%	7.1%	-
	Spain	Feb trade balance	-PTA193bn	-PTA92bn	-

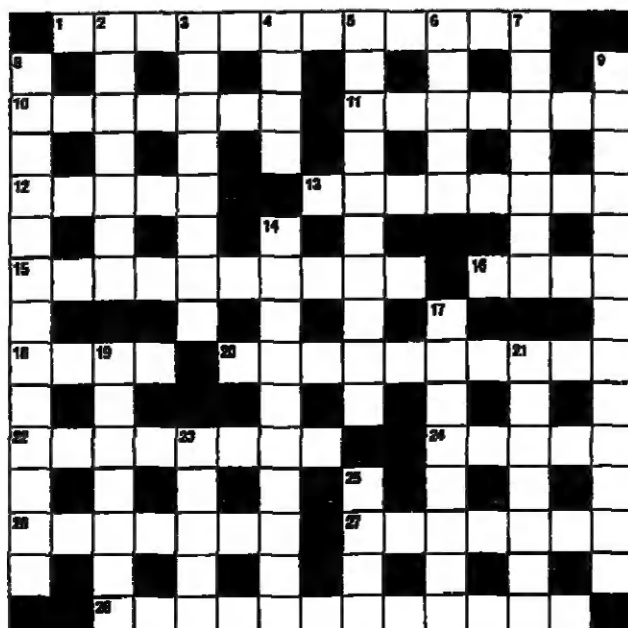
\*month on month, \*\*year on year, \*\*\*quarter on quarter Statistics, courtesy MIMS International.

## ACROSS

- Can use rank to upset, being perverse (12)
- As at home tear back inside for a painkiller (7)
- Prison thanks volunteers for piece of music (7)
- Starts talking a language free of superfluous words (5)
- Something which drops out of locks (8)
- Educated old boy's first to strike out (10)
- When to live outside headquarters (4)
- Against religion at one time (4)
- Plant trap and run inside (10)
- Simmered, stirred and dipped (8)
- Move rose but not round by a shrub (6)
- Amazed journalist leaves son dispersing aggressive females (7)
- Dog that is left under bridge (7)
- As it's improved works OK (12)

## DOWN

- Appear to change many garments (7)
- Distresses Mr Ball, standing surrounded by camping equipment (8)
- One over the eight (4)
- Delightful etching Ann reproduced (10)
- Had ring and got married around noon (8)
- Capone knocks up union leader during search for food mixer (7)
- Concerned with gourmet's little weight getting very big (13)
- Tell her Fay had danced unenthusiastically (13)
- Ordered ladies to be earlier with letters, say (10)
- Dull old lady enters, glaring (8)
- Limits officer getting married to a free ticket (7)
- Brave and skilled fighting man (7)
- The rest of the layers? (5)
- In an atlas I always look for a continent (4)



## MONDAY PRIZE CROSSWORD

No.8,437 Set by GRIFFIN

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £50 Pelikan vouchers will be awarded. Solutions by Thursday May 5, marked Monday Crossword 8,437 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday May 9.

Name: \_\_\_\_\_  
Address: \_\_\_\_\_

Winners 8,425

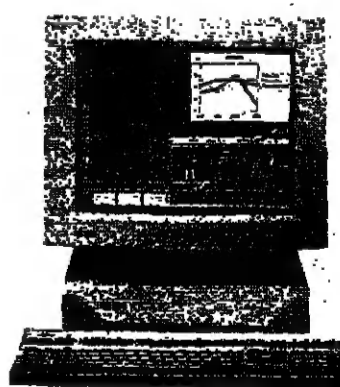
Solution 8,425

Mrs G.L. Smith, Parkhead, Sheffield.  
Mrs R.M. Bradfield, Malton, North Yorkshire.  
Mrs Evelyn Grant, Bearsden, Glasgow.  
L. Lamb, Rugby, Warwickshire.  
A.L. Marten, Middleton, Norfolk.  
B. Sharpe, Aspley Guise, Bedfordshire.



MORSE

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